

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name COUNTY OF WEXFORD, MICHIGAN	County WEXFORD
Audit Date 12/31/04	Opinion Date 5/19/05	Date Accountant Report Submitted to State: 6/29/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) ANDERSON, TACKMAN & CO., PLC			
Street Address 16978 S. RILEY AVENUE	City KINCHELOE	State MI	ZIP 49788
Accountant Signature <i>Anderson Tackman & Co PLC</i>		Date 6/29/05	

COUNTY OF WEXFORD, MICHIGAN

BASIC FINANCIAL STATEMENTS

December 31, 2004

WEXFORD COUNTY, MICHIGAN

ORGANIZATION

MEMBERS OF THE COUNTY COMMISSION

CHAIR PERSON	GARY GILMORE
COMMISSIONER	LESLIE HOUSLER
COMMISSIONER	LESTER BARNES
COMMISSIONER	LARRY COPLEY
COMMISSIONER	LAURA LEE SMIT
COMMISSIONER	JAY THIEBAUT
COMMISSIONER	WILLIAM S. BARNETT
COMMISSIONER	SARAH MCKEEVER
COMMISSIONER	DARRELL KELLEY

APPOINTED/ELECTED OFFICIALS

COUNTY ADMINISTRATOR	MIKE SUTTER
COUNTY TREASURER	WENDY MOORE
COUNTY CLERK	ELAINE RICHARDSON
GENERAL ACCOUNTING OFFICIAL	PAM DAHLSTROM

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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OFFICES IN
MICHIGAN & WISCONSIN

INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Board of Commissioners
County of Wexford, Michigan
437 East Division
Cadillac, Michigan 49601

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the County of Wexford, Michigan as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority, which represent 100% and 100% of the assets and revenues of the Discretely Presented Component Units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts recorded for the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wexford, Michigan as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2005 on our consideration of the County of Wexford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Wexford's, basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The additional information regarding the Municipal Securities Disclosure Requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County of Wexford. The accompanying schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Anderson, Tackman & Company, PLC
Certified Public Accountants

May 19, 2005

Management's Discussion and Analysis

Using this Annual Report

The County's audit report consists of the following:

- Management discussion and analysis
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplemental information
- General supplemental information

As part of this report process, Wexford County fully implemented the *Governmental Accounting Standards Board Statement No. 34*, for the second year. This year, a comparison is provided for 2003 and 2004. This accounting pronouncement adds, among other changes, government-wide financial statements which provide a broad overview of County finances. In particular, attention should be paid to the statement of net assets. This document presents information on County assets and liabilities with the difference shown as "Net Assets." Increases or decreases of net assets from period to period provide useful information on the direction of the County's financial position over time.

The government-wide financials are presented on a full accrual basis of accounting, with an emphasis on measuring all economic resources and not just the current financial resources that are depicted in the individual fund statements.

The other government-wide statement is a "statement of activities" and provides information on how net assets government-wide have changed during the fiscal year. This document reflects information on:

- Income
- Expense
- Increases or decreases in net assets

For the sake of simplicity, this statement reflects the County's operational side.

Following the government-wide statements, individual fund financial statements are provided for Wexford County's major funds with one column provided for non-major funds. These statements are grouped into three distinct categories:

- Government Services such as public safety, judicial, and administration.
- Proprietary Funds such as Water and Sewer, the Wexford County Landfill, and Delinquent Tax Funds.
- Fiduciary Funds which account for resources held for outside parties. Examples of these funds would be restitutions, payroll withholdings, and property tax distributions.

Reconciliation between the individual fund statements and the government-wide financials is provided following the individual fund statements. The differences between the statements of net assets and the fund balance sheet primarily relate to the inclusion of capital assets, certain receivables and long-term liabilities in the government-wide statement of net assets, which are not included in the fund balance sheet. The differences between the statement of activities and that of revenues, expenditures, and changes in fund balances primarily relate to the timing of reporting capital outlays and debt principal payments in the fund statements and a difference in the timing of the recognition of certain revenues and expenditures such as bond proceeds, accrued interest and accrued employee benefits such as leave time.

Government-wide Statements

The government-wide financial statements of the County are divided into three categories.

Governmental Activities

These are the activities and/or services funded through property taxes and fees for services and are reflected as "General Fund" activities.

Business-Type Activities

These are activities supported by fees exclusively and/or activities that are business-like in nature. Examples include:

- Unrestricted Treasurer's Fund
- Delinquent Tax Funds
- Landfill Enterprise Fund
- Other non-major Enterprise Funds such as Recycling, Land Re-Utilization and Water and Sewer Systems.

Component Units that need to be shown due to reporting requirements

- Transit Authority
- Airport Authority
- Wexford-Cadillac Library
- Wexford County Road Commission

For the sake of comprehension, the first two categories are most important in determining County financial health from the vantage point of day-to-day operations of activities overseen by the Board of Commissioners.

The County as a Whole

The County had an increase of \$ 1,903,528 in net assets in its governmental activities for the fiscal year ending December 31, 2004. This is a result of the following:

- 1) General Fund expenses under budget.
- 2) A transfer of \$333,788 in resources from the Wexford County Landfill for land usage and used to pay the principal and interest on the courthouse bonds.
- 3) \$1,809,033 reflected as taxes receivable in the newly implemented fund for revenue sharing reserve due to the early tax collection requirements in lieu of tax revenue sharing.

In a condensed format, the table below shows the net assets of Wexford County.

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current Assets	\$ 14,636,954	\$ 11,669,183	\$ 17,374,751	\$ 18,744,716	\$ 32,011,705	\$ 30,413,899
Noncurrent Assets:						
Restricted Assets	-	-	1,368,250	1,294,537	1,368,250	1,294,537
Capital Assets	<u>7,868,786</u>	<u>7,973,401</u>	<u>5,530,961</u>	<u>5,676,968</u>	<u>13,399,747</u>	<u>13,650,369</u>
Total Assets	<u>22,505,740</u>	<u>19,642,584</u>	<u>24,273,962</u>	<u>25,716,221</u>	<u>46,779,702</u>	<u>45,358,805</u>
Current Liabilities	8,254,125	7,428,401	433,459	610,433	8,687,584	8,038,834
Long-Term Liabilities	<u>5,556,663</u>	<u>5,445,346</u>	<u>6,805,445</u>	<u>6,147,183</u>	<u>12,362,108</u>	<u>11,592,529</u>
Total Liabilities	<u>13,810,788</u>	<u>12,873,747</u>	<u>7,238,904</u>	<u>6,757,616</u>	<u>21,049,692</u>	<u>19,631,363</u>
Net Assets						
Invested in Capital Assets -						
Net of Related Debt	2,434,817	3,253,401	4,273,881	4,305,889	6,708,698	7,559,290
Restricted	1,958,298	1,521,946	-	-	1,958,298	1,521,946
Unrestricted (Deficit)	<u>4,301,837</u>	<u>1,993,490</u>	<u>12,761,177</u>	<u>14,652,716</u>	<u>17,063,014</u>	<u>16,646,206</u>
Total Net Assets	<u>\$ 8,694,952</u>	<u>\$ 6,768,837</u>	<u>\$ 17,035,058</u>	<u>\$ 18,958,605</u>	<u>\$ 25,730,010</u>	<u>\$ 25,727,442</u>

The current level of unrestricted net assets for our governmental activities stands at \$4,301,837, or about 32% of expenses. This is within the targeted range set by the County Board of Commissioners during its last budget process.

Net Assets of the governmental activities increased approximately 28%. Net Assets of the business – type activities decreased approximately 10%.

The following table shows the activities of the County.

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Program Revenues:						
Charges for Services	\$ 2,763,174	\$ 2,917,031	\$ 3,413,055	\$ 3,505,593	\$ 6,176,229	\$ 6,422,624
Operating Grants and Contributions	3,138,863	1,780,052	-	-	3,138,863	1,780,052
Capital Grants and Contributions	63,357	510,227	-	-	63,357	510,227
General Revenues:						
Property Taxes	8,677,907	5,684,980	-	128,635	8,677,907	5,813,615
State-Shared Revenues	243,692	817,372	-	-	243,692	817,372
Federal, State, Local – General	176,319	-	-	-	176,319	-
Unrestricted Investment Earnings	120,956	78,219	248,047	315,122	369,003	393,341
Other Revenue	29,965	176,341	26,942	1,899	56,907	178,240
Transfers	<u>408,330</u>	<u>2,275,964</u>	<u>(408,330)</u>	<u>(2,275,964)</u>	<u>-</u>	<u>-</u>
Total Program Revenues	<u>15,622,563</u>	<u>14,240,186</u>	<u>3,279,714</u>	<u>1,675,285</u>	<u>18,902,277</u>	<u>15,915,471</u>
Program Expenses:						
Legislative	49,998	-	-	-	49,998	-
Judicial	2,165,646	2,058,215	-	-	2,165,646	2,058,215
General Government	2,771,014	3,032,580	-	-	2,771,014	3,032,580
Public Safety	4,877,278	4,743,875	-	-	4,877,278	4,743,875
Health and Welfare	2,374,051	1,428,033	-	-	2,374,051	1,428,033
Community and Economic Development	166,624	341,887	-	-	166,624	341,887
Recreation and Culture	520,742	588,851	-	-	520,742	588,851
Interest on Long –Term Debt	280,111	305,057	-	-	280,111	305,057
Other Expenses	513,571	-	-	-	513,571	-
Water and Wastewater	-	-	500,447	712,967	500,447	712,967
Sanitary Landfill	-	-	4,311,519	3,054,364	4,311,519	3,054,364
Delinquent Tax	-	-	12,536	21,677	12,536	21,677
Other business-type activities	<u>-</u>	<u>-</u>	<u>378,760</u>	<u>107,495</u>	<u>378,760</u>	<u>107,495</u>
Total Program Expenses	<u>13,719,035</u>	<u>12,498,498</u>	<u>5,203,262</u>	<u>3,896,503</u>	<u>18,922,297</u>	<u>16,395,001</u>
Change in Net Assets	<u>\$ 1,903,528</u>	<u>\$ 1,741,688</u>	<u>\$ (1,923,548)</u>	<u>\$ (2,221,218)</u>	<u>\$ (20,020)</u>	<u>\$ (479,530)</u>

Governmental Activities

Over the last few years, the County has experienced slow but steady growth in tax revenues, despite the Proposal A restraints. Budgets in past years may have been subjected to a process that developed expenses first and then “estimated” revenues in turn, to balance the fiscal year. Beginning with fiscal year 2004, a different process was used. For that budget, revenues were conservatively estimated first and expenses then reduced to match.

Revenue will continue to be problematic. The shift of revenue sharing to early tax collection, as dictated by the state, will begin to be realized during 2005. Because all line items within each departmental budget were reduced to match revenues in 2005, any reduction in sources of income must be reflected through additional cuts. In turn, such reductions have the potential of adversely affecting both non-mandated and mandated services. Wexford County, by policy, wishes to maintain a 14% (General Fund) fund balance. Because a contingency area is non-existent in the 2005 budget except for Health Care, any potential overage in this year's budgeted expenses, if not offset by increased revenues, cannot be met without use of fund balance. Wexford County's prudent expenditure of monies in 2004 leaves it with a fund balance of \$1,481,032, which is just over 14% of the 2005 budget. This continues efforts toward a more sound financial position, and certainly a much better financial environment, than other counties throughout the State of Michigan.

Attention must be drawn to the expense side, where the highly unpredictable costs of operation may force immediate and in some cases, unfortunate actions. These, to name a few, are:

- Healthcare costs
- Childcare Fund
- Sheriff Department overtime to meet unexpected demands
- Inmate Housing created by rental costs and/or unexpected influx of inmates. The social climate is one factor in this equation, the other is state-level changes at the Department of Corrections and the many alternatives this department creates to relieve its own budgetary shortfalls.
- Unexpected maintenance costs or capital improvement.

Business-Type Activities

In regard to the business-type activities, net assets continued to fall, due to continued work at the Landfill. These expense areas involved the ongoing efforts to define potential ground-water contamination, leachate treatment costs and overall operational cost increases. Foremost of these costs are the escalating expenses involving ground-water contamination and the inability to arrive at a defined remediation action plan. Growing expenses at the Wexford County Landfill exceeded revenues by \$2,531,318, due to these mandated changes and operational expenses.

Water and sewer operations remained stable, despite an ongoing need to review operational and debt retirement expenses in relationship to fund excesses that are held by participating governmental units.

The County's Funds

Our analysis of the County's major funds begins on page 12, following the entity-wide financial statements. The individual fund financial statements provide detail information about the most significant funds, not the County as a whole. The County Board of Commissioners creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The County's major funds for 2004 include the General Fund, Revenue Sharing Reserve, 2003 Delinquent Tax Fund, Sanitary Landfill, and Unrestricted Treasurer's Fund.

The General Fund supports most of the County's governmental services. Police services, along with housing inmates outside the County are among the costliest services. Road Patrol services are supported by an operational millage. The Revenue Sharing Reserve Fund is new in 2004 and will hold County taxes collected during the summer tax season. These funds will go back to the General fund in proportion to previously received State Revenue Sharing payments. The 2003 Delinquent Tax Fund is supported by interest and fees from the collection of delinquent taxes.

Other Funds

Other funds of note are:

- Unrestricted Treasurer's Fund
- 2003 Delinquent Tax Fund
- Self Insurance Internal Service Fund

All of these reflect no unusual changes during 2004.

General Fund Budgetary Highlights

Wexford County's General Fund budget for 2004 as originally adopted reflected a balanced projection for the year. The General Fund revenues came close to that budgeted projection, while expenditures came in at 2% less. Due to this fact, the County was able to recognize an addition to fund balance of \$135,446. None of the above would have occurred without the positive performance of each department within the County system

Capital Asset and Debt Administration

As of December 31, 2004, the County had invested \$13,399,747 in capital assets that meet the dollar threshold of the reporting requirement. There were lesser dollar purchases as well for the purpose of upgrading selected personal computers.

The County reduced its bond debt load by \$117,000 in principal payments in 2004 ending with a debt balance of \$5,963,000. \$15,000 was for payments on revenue bonds; \$22,000 was for payment on special assessment bonds with the balance being put toward bonds for the Government Center building.

Economic Factors and Next Year's Budgets and Rates

As noted elsewhere, the County has experienced relatively stable revenue over many years, with any reductions in state revenue being offset to some degree by new residential construction and economic manufacturing/retail growth. Our dependence on such growth to offset the ever-expanding service requirements and the ongoing state philosophy to eliminate revenue sharing will become evident in 2005 and 2006.

Property taxes account for nearly 49% of revenue generated, with charges for services generating nearly 30%. Due to the shift from state revenue to early collection, a point in time will be reached where cash flow will become an issue. In order to fund such a need, the County will need to consider using fund balance or tax revolving funds as the lending source.

Secondly, concern must be drawn to health insurance costs. Fortunately, the Board of Commissioners saw the value in 1990 and moved to a self-insurance program. This effort saved considerable resources initially and continues to be strong in holding costs, albeit not without risk. The 6% overall increase effective May 5, 2005, in place of the 12% anticipated, will assist the County's ability to remain on budget target overall in the General Fund. No other surrounding county has delivered better rates over the last two years.

The County has not experienced any specific events that it believes will materially impact the County. Unfortunately, capped property tax rates and shrinking state shared revenues may have a direct impact in late 2005.

Wexford County must consider the following, however, in this year and in the future:

- Continuing the process to fund capital improvement or asset issues.
- Reestablishment of a contingency fund to handle legitimate emergency.
- Address inmate housing and jail facility replacement.
- Continue to provide financial latitude for departmental managers within the parameters of their budgets.

Contacting the County's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the Office of Administration at 437 E. Division, Cadillac, Michigan 49601.

Basic Financial Statements

County of Wexford, Michigan

Statement of Net Assets December 31, 2004

	Primary Government			Component
	Governmental	Business-type	Totals	Units
	Activities	Activities		
ASSETS:				
<i>Current Assets:</i>				
Cash & Equivalents - Unrestricted	\$ 2,710,880	\$ 10,211,711	\$ 12,922,591	\$ 864,782
Investments - Unrestricted	811,971	5,889,194	6,701,165	915,082
Receivables:				
Accounts	145,570	225,115	370,685	1,051,194
Taxes	9,039,565	931,686	9,971,251	581,025
Interest	-	117,045	117,045	115
Special Assessments	542,490	-	542,490	-
Loans	906,948	-	906,948	-
Due from Governmental Units	472,463	-	472,463	208,959
Inventory	6,633	-	6,633	536,037
Prepaid Expenses	434	-	434	33,841
<i>Noncurrent Assets:</i>				
Cash & Equivalents - Restricted	-	280,000	280,000	-
Investments - Restricted	-	1,088,250	1,088,250	-
Capital Assets (Net of Accumulated Depreciation)	7,868,786	5,530,961	13,399,747	27,600,866
TOTAL ASSETS	\$ 22,505,740	\$ 24,273,962	\$ 46,779,702	\$ 31,791,901
LIABILITIES:				
<i>Current Liabilities:</i>				
Internal Loans	210,448	\$ -	\$ 210,448	\$ -
Accounts Payable	408,346	296,417	704,763	204,592
Accrued Liabilities	82,950	18,773	101,723	127,238
Accrued Interest Payable	109,463	-	109,463	-
Due to Governmental Units	39,734	320	40,054	-
Deferred Revenue	7,251,163	-	7,251,163	189,036
Bonds Payable - Current	103,000	15,000	118,000	-
Capital Lease Payable - Current	48,721	102,776	151,497	37,642
Installment Notes Payable - Current	-	-	-	49,711
Other Liabilities	300	173	473	-
<i>Noncurrent Liabilities:</i>				
Bonds Payable	5,165,000	680,000	5,845,000	-
Capital Lease Payable	117,248	459,304	576,552	41,898
Advance from State	-	-	-	405,493
Installment Notes Payable	-	-	-	37,504
Compensated Absences	274,415	-	274,415	374,181
Estimated Liability for Landfill Closure & Postclosure Costs	-	5,666,141	5,666,141	-
TOTAL LIABILITIES	13,810,788	7,238,904	21,049,692	1,467,295
NET ASSETS:				
Invested in Capital Assets (net of related debt)	2,434,817	4,273,881	6,708,698	27,513,651
Restricted for Tustin Public Library	-	-	-	12,671
Restricted for County Road	-	-	-	1,210,057
Restricted (See Note 13)	1,958,298	-	1,958,298	-
Unrestricted	4,301,837	12,761,177	17,063,014	1,588,227
TOTAL NET ASSETS	\$ 8,694,952	\$ 17,035,058	\$ 25,730,010	\$ 30,324,606

See accompanying notes to financial statement.

County of Wexford, Michigan

Statement of Activities For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government:								
Governmental Activities:								
Legislative	\$ 49,998	\$ -	\$ -	\$ -	\$ (49,998)	\$ -	\$ (49,998)	\$ -
Judicial	2,165,646	697,336	841,367	-	(626,943)	-	(626,943)	-
General Government	2,771,014	854,363	346,827	-	(1,569,824)	-	(1,569,824)	-
Public Safety	4,877,278	834,948	737,538	63,357	(3,241,435)	-	(3,241,435)	-
Recreation & Culture	520,742	300,701	-	-	(220,041)	-	(220,041)	-
Health & Welfare	2,374,051	5,290	1,124,178	-	(1,244,583)	-	(1,244,583)	-
Community & Economic Development	166,624	70,536	88,953	-	(7,135)	-	(7,135)	-
Interest expense - Unallocated	280,111	-	-	-	(280,111)	-	(280,111)	-
Other Expenses	513,571	-	-	-	(513,571)	-	(513,571)	-
Total Governmental Activities	13,719,035	2,763,174	3,138,863	63,357	(7,753,641)	-	(7,753,641)	-
Business-type activities:								
Tax Collection	12,536	652,514	-	-	-	639,978	639,978	-
Landfill	4,311,519	2,172,100	-	-	-	(2,139,419)	(2,139,419)	-
Water & Wastewater	500,447	563,683	-	-	-	63,236	63,236	-
Other	378,760	24,758	-	-	-	(354,002)	(354,002)	-
Total Business-type Activities	5,203,262	3,413,055	-	-	-	(1,790,207)	(1,790,207)	-
Total Primary Government	\$ 18,922,297	\$ 6,176,229	\$ 3,138,863	\$ 63,357	\$ (7,753,641)	(1,790,207)	(9,543,848)	-
Component Units:								
Transit Authority	\$ 1,512,513	\$ 250,866	\$ 689,804	\$ 63,968				(507,875)
Airport Authority	460,722	263,046	71,800	170,000				44,124
Public Library	867,654	4,560	2,180	-				(860,914)
Road Commission	6,934,313	1,461,495	5,851,718	-				378,900
Total Component Units	9,775,202	1,979,967	6,615,502	233,968				(945,765)
Total	\$ 28,697,499	\$ 8,156,196	\$ 9,754,365	\$ 297,325				(945,765)
General Revenues:								
Taxes					8,677,907	-	8,677,907	852,774
State Revenue Sharing					243,692	-	243,692	-
Federal, State, & Local - General					176,319	-	176,319	256,286
Investment Earnings (Loss)					120,956	248,047	369,003	21,340
Other Revenue					29,965	26,942	56,907	124,964
Transfers					408,330	(408,330)	-	-
Total General Revenues and Transfers					9,657,169	(133,341)	9,523,828	1,255,364
Change in Net Assets					1,903,528	(1,923,548)	(20,020)	309,599
Net Assets - Beginning					6,791,424	18,958,606	25,750,030	30,015,007
Net Assets - Ending					\$ 8,694,952	\$ 17,035,058	\$ 25,730,010	\$30,324,606

See accompanying notes to financial statements.

County of Wexford, Michigan

Balance Sheet Governmental Funds December 31, 2004

	General	Revenue Sharing Reserve	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:				
Cash & Equivalents - Unrestricted	\$ 720,131	\$ -	\$ 1,938,964	\$ 2,659,095
Investments - Unrestricted	508,058	-	303,913	811,971
Receivables:				
Accounts	84,961	-	54,290	139,251
Taxes	5,427,098	1,809,033	1,803,434	9,039,565
Special Assessments	-	-	542,490	542,490
Loans	-	-	906,948	906,948
Due from Other Funds	300,651	-	-	300,651
Due from Governmental Units	444,050	-	28,413	472,463
Prepaid Expenditures	-	-	434	434
Inventories	-	-	6,633	6,633
TOTAL ASSETS	\$ 7,484,949	\$ 1,809,033	\$ 5,585,519	\$ 14,879,501
LIABILITIES:				
Due to Other Funds	\$ 210,448	\$ 300,651	\$ -	\$ 511,099
Accounts Payable	280,371	-	114,662	395,033
Accrued Liabilities	71,071	-	11,879	82,950
Due to Governmental Units	-	-	39,734	39,734
Deferred Revenue	5,442,027	-	3,258,574	8,700,601
Other Liabilities	-	-	300	300
TOTAL LIABILITIES	6,003,917	300,651	3,425,149	9,729,717
FUND BALANCES:				
Unreserved:				
Designated	-	1,508,382	-	1,508,382
Undesignated	1,481,032	-	2,160,370	3,641,402
TOTAL FUND BALANCES	1,481,032	1,508,382	2,160,370	
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,484,949	\$ 1,809,033	\$ 5,585,519	
Reconciliation to amounts reported for governmental activities in the statement of net assets:				
Capital assets used by governmental activities				7,868,786
Revenues from Home Improvement Loans & Special Assesments				1,449,438
Long-term notes & leases payable for governmental activities				(5,433,969)
Compensated absences liability				(274,415)
Internal service funds included in governmental activities				44,791
Accrued interest payable				(109,463)
Net assets of governmental activities				\$ 8,694,952

County of Wexford, Michigan

Statement of Changes in Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2004

	General	Revenue Sharing Reserve	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 5,202,056	\$ 1,809,033	\$ 1,666,818	\$ 8,677,907
Special Assessments	-	-	91,203	91,203
Licenses & Permits	7,605	-	8,864	16,469
Intergovernmental Revenue:				
Federal Sources	816,329	-	121,638	937,967
State Sources	1,066,690	-	1,562,194	2,628,884
Local Sources	7,826	-	47,554	55,380
Charges for Services	1,092,404	-	811,138	1,903,542
Fines & Forfeitures	45,749	-	24,715	70,464
Interest & Rentals	89,813	-	31,143	120,956
Other Revenue	526,270	-	173,694	699,964
TOTAL REVENUES	8,854,742	1,809,033	4,538,961	15,202,736
EXPENDITURES:				
Legislative	49,998	-	-	49,998
Judicial	2,165,646	-	-	2,165,646
General Government	2,595,941	-	47,200	2,643,141
Public Safety	3,762,019	-	896,817	4,658,836
Recreation & Culture	-	-	362,230	362,230
Health & Welfare	102,171	-	2,271,880	2,374,051
Community & Economic Development	40,665	-	126,885	167,550
Capital Outlay	9,470	-	125,511	134,981
Debt Service	-	-	444,015	444,015
Other Expenditures	546,604	-	1,000	547,604
TOTAL EXPENDITURES	9,272,514	-	4,275,538	13,548,052
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(417,772)	1,809,033	263,423	1,654,684
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	1,114,401	-	894,013	2,008,414
Operating Transfers Out	(561,183)	(300,651)	(738,250)	(1,600,084)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	135,446	1,508,382	419,186	2,063,014
FUND BALANCES, JANUARY 1	1,345,586	-	1,741,184	3,086,770
FUND BALANCES, DECEMBER 31	\$ 1,481,032	\$ 1,508,382	\$ 2,160,370	\$ 5,149,784

County of Wexford, Michigan

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2004

Net Changes in fund balances - total governmental funds		2,063,014
The change in net assets reported for governmental activities in the statement of activities is different because:		
Disposal of fixed assets		(15,136)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$307,494) exceeded capital outlay \$218,015 in the current period.		
		(89,479)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of assets.		
Principal Payments		153,852
Capital Lease Proceeds		(217,820)
Special assessments revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days after year end.		
		(42,858)
Home Improvement Loan program revenue is recorded as revenue when earned; they are not reported in the funds until collected.		
		54,355
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:		
Compensated absences	17,571	
Accrued interest on bonds	<u>10,052</u>	27,623
Internal Service Funds are included as governmental activities.		
		<u>(30,023)</u>
Changes in net assets of governmental activities		<u>\$ 1,903,528</u>

County of Wexford, Michigan

Statement of Net Assets Proprietary Funds December 31, 2004

	Business-type Activities					Governmental Activities
						Internal Service Fund
	Enterprise Funds					
	2003 Delinquent Tax	Landfill	Unrestricted Treasurer's Funds	Non-Major Enterprise Funds	Total Enterprise Funds	Self Insurance Fund
ASSETS:						
Current Assets:						
Cash & Equivalents - Unrestricted	\$ 1,865,559	\$ 5,506,542	\$ 1,022,419	\$ 1,817,191	\$ 10,211,711	\$ 51,785
Investments - Unrestricted	-	5,889,194	-	-	5,889,194	-
Receivables:						
Accounts	-	127,806	-	97,309	225,115	6,319
Taxes	809,256	-	-	122,430	931,686	-
Interest	80,351	-	-	36,694	117,045	-
Due from Other Funds	-	-	2,500,000	-	2,500,000	-
Total Current Assets	2,755,166	11,523,542	3,522,419	2,073,624	19,874,751	58,104
Noncurrent Assets:						
Cash & Equivalents - Restricted	-	280,000	-	-	280,000	-
Investments - Restricted	-	1,088,250	-	-	1,088,250	-
Capital Assets (net of accumulated depreciation)	-	3,453,647	-	2,077,314	5,530,961	-
Total Noncurrent Assets	-	4,821,897	-	2,077,314	6,899,211	-
TOTAL ASSETS	\$ 2,755,166	\$ 16,345,439	\$ 3,522,419	\$ 4,150,938	\$ 26,773,962	\$ 58,104
LIABILITIES & NET ASSETS:						
Current Liabilities:						
Due to Other Funds	2,500,000	-	-	-	2,500,000	-
Accounts Payable	-	282,475	-	13,942	296,417	13,313
Accrued Liabilities	-	6,189	-	12,584	18,773	-
Due to Other Governmental Units	-	-	-	320	320	-
Capital Leases Payable - Current	-	102,776	-	-	102,776	-
Bonds Payable - Current	-	-	-	15,000	15,000	-
Other Liabilities	-	-	-	173	173	-
Total Current Liabilities	2,500,000	391,440	-	42,019	2,933,459	13,313
Noncurrent Liabilities:						
Capital Leases Payable	-	459,304	-	-	459,304	-
Bonds Payable	-	-	-	680,000	680,000	-
Estimated Liability for Landfill Closure & Postclosure Costs	-	5,666,141	-	-	5,666,141	-
Total Noncurrent Liabilities	-	6,125,445	-	680,000	6,805,445	-
TOTAL LIABILITIES	2,500,000	6,516,885	-	722,019	9,738,904	13,313
Net Assets:						
Invested in Capital Assets (net of related debt)	-	2,891,567	-	1,382,314	4,273,881	-
Unrestricted	255,166	6,936,987	3,522,419	2,046,605	12,761,177	44,791
TOTAL NET ASSETS	\$ 255,166	\$ 9,828,554	\$ 3,522,419	\$ 3,428,919	\$ 17,035,058	\$ 44,791

County of Wexford, Michigan

Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds For the Year Ended December 31, 2004

	Business-type Activities					Governmental Activities
	Enterprise Funds					Internal Service Fund
	2003 Delinquent Tax	Landfill	Unrestricted Treasurer's Funds	Non-Major Enterprise Funds	Total Enterprise Funds	Self Insurance Fund
OPERATING REVENUES:						
Interest & Penalties	\$ 165,496	\$ -	\$ 107,315	\$ 200,348	\$ 473,159	\$ -
Charges for Services	80,368	2,172,100	-	687,428	2,939,896	-
Fines & Forfeitures	-	12,323	-	-	12,323	-
Premiums - Health Insurance	-	-	-	-	-	1,290,985
Other Revenue	34	10,411	536	3,638	14,619	6,319
Total Operating Revenues	245,898	2,194,834	107,851	891,414	3,439,997	1,297,304
OPERATING EXPENSES:						
Salaries & Benefits	-	275,926	-	432,368	708,294	-
Supplies	-	106,584	-	54,877	161,461	-
Contractual Services	-	143,717	-	-	143,717	-
Landfill Closure & Postclosure Costs	-	776,285	-	-	776,285	-
Administrative	-	-	-	-	-	94,161
Health Care	-	-	-	-	-	712,016
Prescriptions	-	-	-	-	-	297,963
Reinsurance	-	-	-	-	-	156,887
Dental	-	-	-	-	-	66,300
Other Services & Charges	-	2,636,009	7,866	257,136	2,901,011	-
Repair & Maintenance	-	34,110	-	17,686	51,796	-
Depreciation	-	338,888	-	78,070	416,958	-
Other Expenses	-	-	-	-	-	-
Total Operating Expenses	-	4,311,519	7,866	840,137	5,159,522	1,327,327
OPERATING INCOME (LOSS)	245,898	(2,116,685)	99,985	51,277	(1,719,525)	(30,023)
NON-OPERATING REVENUES (EXPENSES):						
Interest Earnings	9,268	264,692	7,947	25,320	307,227	-
Interest Expense	-	-	-	(43,740)	(43,740)	-
Unrealized Loss on Investments	-	(59,180)	-	-	(59,180)	-
Operating Transfers In	-	-	300,000	415,693	715,693	-
Operating Transfers Out	-	(620,145)	(10,500)	(493,378)	(1,124,023)	-
Total Non-operating Revenues (Expenses)	9,268	(414,633)	297,447	(96,105)	(204,023)	-
CHANGE IN NET ASSETS	255,166	(2,531,318)	397,432	(44,828)	(1,923,548)	(30,023)
NET ASSETS, JANUARY 1	-	12,359,872	3,124,987	3,473,747	18,958,606	74,814
NET ASSETS, DECEMBER 31	<u>\$ 255,166</u>	<u>\$ 9,828,554</u>	<u>\$ 3,522,419</u>	<u>\$ 3,428,919</u>	<u>\$ 17,035,058</u>	<u>\$ 44,791</u>

County of Wexford, Michigan

Combining Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2004

	Business-type Activities					Governmental Activities
	Enterprise Funds					Internal Service Funds
	2003 Delinquent Tax Fund	Sanitary Landfill Fund	Unrestricted Treasurer's Funds	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers/payments (to) from other governmental units	\$ (643,709)	\$ 2,255,140	\$ 259,646	\$ 1,757,909	\$ 3,628,986	\$ 1,290,985
Payments to Suppliers	-	(3,069,227)	(7,866)	(348,187)	(3,425,280)	(1,326,387)
Payments to Employees	-	(285,198)	-	(437,120)	(722,318)	-
Internal Activity - Payments/Receipts with Other Funds	2,500,000	-	(100,000)	(2,400,000)	-	-
Net Cash Provided (Used) by Operating Activities	1,856,291	(1,099,285)	151,780	(1,427,398)	(518,612)	(35,402)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of Fixed Assets	-	(200,270)	-	(70,680)	(270,950)	-
Principal Payments	-	(98,999)	-	(15,000)	(113,999)	-
Interest Payments	-	-	-	(43,740)	(43,740)	-
Net Cash Provided (Used) by Capital Financing Activities	-	(299,269)	-	(129,420)	(428,689)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating transfers in	-	-	300,000	415,693	715,693	-
Operating transfers out	-	(620,145)	(10,500)	(493,378)	(1,124,023)	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	(620,145)	289,500	(77,685)	(408,330)	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Net Change in Investments	-	6,044,102	422,466	1,030,000	7,496,568	-
Interest income	9,268	264,692	7,947	25,320	307,227	-
Net Cash Provided (Used in) Investing Activities	9,268	6,308,794	430,413	1,055,320	7,803,795	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,865,559	4,290,095	871,693	(579,183)	6,448,164	(35,402)
Balances - Beginning of the Year	-	1,496,447	150,726	2,396,374	4,043,547	87,187
Balances - End of the Year	\$ 1,865,559	\$ 5,786,542	\$ 1,022,419	\$ 1,817,191	\$ 10,491,711	\$ 51,785
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$ 245,898	\$ (2,116,685)	\$ 99,985	\$ 51,277	\$ (1,719,525)	\$ (30,023)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	-	338,888	-	78,070	416,958	-
Change in Assets and Liabilities:						
Taxes Receivable	(2,841,228)	-	147,866	(1,778,036)	(4,471,398)	-
Accounts Receivable	-	60,306	-	411	60,717	(6,319)
Interest Receivable	(80,351)	-	-	(36,694)	(117,045)	-
Due From Other Governmental Units	-	-	3,929	12,854	16,783	-
Due From Other Funds	-	-	(100,000)	-	(100,000)	-
Accounts Payable	-	(148,807)	-	(15,090)	(163,897)	940
Accrued Liabilities	-	(9,272)	-	(3,780)	(13,052)	-
Estimated Liability for Landfill Closure & Post Closure Costs	-	776,285	-	-	776,285	-
Due to Other Funds	2,500,000	-	-	(2,400,000)	100,000	-
Due to Other Governmental Funds	2,031,972	-	-	2,663,417	4,695,389	-
Other Liabilities	-	-	-	173	173	-
Net Cash Provided by Operating Activities	1,856,291	(1,099,285)	151,780	(1,427,398)	(518,612)	(35,402)

See accompanying notes to financial statements.

Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2004

	<u>Agency Funds</u>
ASSETS:	
Cash & Equivalents - Unrestricted	\$ 1,049,755
Investments - Unrestricted	124
Due From Other Funds	<u>210,448</u>
 TOTAL ASSETS	 <u><u>1,260,327</u></u>
 LIABILITIES:	
Accrued & Other Liabilities	4,690
Due to Other Governmental Units	<u>1,255,637</u>
 TOTAL LIABILITIES	 <u><u>\$ 1,260,327</u></u>

Component Unit Financial Statements

County of Wexford, Michigan

Statement of Net Assets Component Units December 31, 2004

	Cadillac- Wexford Transit Authority	Wexford County Airport Authority	Cadillac- Wexford Public Library	Wexford County Road Commission	Totals
ASSETS:					
<i>Current Assets:</i>					
Cash	\$ 379,734	\$ 125,337	\$ 97,955	\$ 261,756	\$ 864,782
Investments	-	27,477	349,858	537,747	915,082
Receivables:					
Accounts	67,626	4,024	-	979,544	1,051,194
Accrued Interest	115	-	-	-	115
Taxes	-	-	581,025	-	581,025
Due From Other Governments	168,158	-	40,801	-	208,959
Inventory	-	18,387	-	517,650	536,037
Prepaid Expenses	31,183	406	2,252	-	33,841
Total Current Assets	646,816	175,631	1,071,891	2,296,697	4,191,035
<i>Noncurrent Assets:</i>					
Capital Assets (Net of Accumulated Depreciation)	1,166,087	2,073,083	602,769	23,758,927	27,600,866
TOTAL ASSETS	\$ 1,812,903	\$ 2,248,714	\$ 1,674,660	\$ 26,055,624	\$ 31,791,901
LIABILITIES & NET ASSETS:					
<i>Current Liabilities:</i>					
Accounts Payable	26,391	2,251	6,475	169,475	204,592
Accrued Liabilities	25,410	3,651	13,006	85,171	127,238
Deferred Revenue	-	-	5,000	184,036	189,036
Capital Lease Payable	-	16,002	21,640	-	37,642
Installment Notes Payable	-	-	-	49,711	49,711
Total Current Liabilities	51,801	21,904	46,121	488,393	608,219
<i>Noncurrent Liabilities:</i>					
Advance from State	-	-	-	405,493	405,493
Capital Lease Payable	-	-	41,898	-	41,898
Installment Notes Payable	-	-	-	37,504	37,504
Compensated Absences	60,831	6,812	64,073	242,465	374,181
Total Noncurrent Liabilities	60,831	6,812	105,971	685,462	859,076
TOTAL LIABILITIES	112,632	28,716	152,092	1,173,855	1,467,295
<i>Net Assets:</i>					
Invested in Capital Assets, net of related debt	1,166,087	2,073,083	602,769	23,671,712	27,513,651
Restricted for Tustin Public Library	-	-	12,671	-	12,671
Restricted for County Road	-	-	-	1,210,057	1,210,057
Unrestricted	534,184	146,915	907,128	-	1,588,227
TOTAL NET ASSETS	1,700,271	2,219,998	1,522,568	24,881,769	30,324,606
TOTAL LIABILITIES AND NET ASSETS	\$ 1,812,903	\$ 2,248,714	\$ 1,674,660	\$ 26,055,624	\$ 31,791,901

County of Wexford, Michigan

Statement of Activities Component Units For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Cadillac- Wexford Transit Authority	Wexford County Airport Authority	Cadillac- Wexford Public Library	Wexford County Road Commission	
Cadillac-Wexford Transit Authority:									
Public Works	1,512,513	250,866	689,804	\$ 63,968	\$ (507,875)	\$ -	\$ -	\$ -	\$ (507,875)
Wexford County Airport Authority:									
Public Works	460,722	263,046	71,800	170,000	-	44,124	-	-	44,124
Cadillac-Wexford Public Library:									
Recreation and Culture	867,654	4,560	2,180	-	-	-	(860,914)	-	(860,914)
Wexford County Road Commission									
Public Works	6,934,313	1,461,495	5,851,718	-	-	-	-	378,900	378,900
Total Component Units	<u>\$ 9,775,202</u>	<u>\$ 1,979,967</u>	<u>\$ 6,615,502</u>	<u>\$ 233,968</u>	<u>(507,875)</u>	<u>44,124</u>	<u>(860,914)</u>	<u>378,900</u>	<u>(945,765)</u>
General Revenues:									
Taxes					288,361	-	564,413	-	852,774
State Sources					-	-	256,286	-	256,286
Investment Earnings					4,027	1,128	6,568	9,617	21,340
Other					19,269	3,164	586	101,945	124,964
Total General Revenues and Transfers					<u>311,657</u>	<u>4,292</u>	<u>827,853</u>	<u>111,562</u>	<u>1,255,364</u>
Change in Net Assets					(196,218)	48,416	(33,061)	490,462	309,599
Net Assets - Beginning					1,896,489	2,171,582	1,555,629	24,391,307	30,015,007
Net Assets - Ending					<u>\$ 1,700,271</u>	<u>\$ 2,219,998</u>	<u>\$ 1,522,568</u>	<u>\$ 24,881,769</u>	<u>\$ 30,324,606</u>

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Wexford, Michigan, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the County:

A – Reporting Entity:

Financial Reporting Entity

The County operates under an elected Board of Commissioners and provides services to its residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the County of Wexford and its component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governmental body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities. Based on the application of these criteria, the following is a brief review of each potential component unit addressed in defining the County's reporting entity.

Component Units:

In conformity with U.S. generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Blended Component Units

County of Wexford Building Authority – The Building Authority is a County created and directed authority, whose sole business activity is acquiring and leasing property to the County. The Building Authority operations consist of the issuance and repayment of debt and the construction of facilities. The financial statements of the Building Authority are consolidated with the financial statements of the County as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a. The assets of the Building Authority held for payment of outstanding bond issues are reported in the Debt Service Funds.
- b. Fixed assets (completed construction projects) of the Building Authority are reported as capital assets in the statement of net assets.

Discretely Presented Component Units

The component units column in the government-wide financial statements include the financial data of the other component units of the County. The following is a summary of the component units:

Cadillac – Wexford Transit Authority – On June 23, 1981, the City of Cadillac and the County of Wexford created the Cadillac-Wexford Transit Authority, a separate legal and administrative unit of government pursuant to the Urban Cooperation Act. The purpose of the Transit Authority is to provide public transportation services to the general public within Wexford County. The Transit Authority began to provide transportation services on September 1, 1982. The Transit Authority is financed by state and federal subsidies as well as a countywide tax levy. The Authority has a September 30th year end. A complete financial report for the component unit can be obtained from the following:

Cadillac – Wexford Transit Authority
1202 N. Mitchell St.
Cadillac, Michigan 49601

Wexford County Airport Authority – The Wexford County Airport Authority is organized to own and operate the Wexford County Airport in Cadillac, Michigan. The Authority Board is composed of seven members, four of whom are appointed by Wexford County and three of whom are appointed by the County of Cadillac. A complete financial report for the component unit can be obtained from the following.

Wexford County Airport Authority
8040 W. 34 Rd.
Cadillac, Michigan 49601

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cadillac – Wexford Public Library – The Cadillac-Wexford Public Library provides library services to the Wexford County area from its facilities located in Cadillac. The Library is also responsible for operating the Tustin and Mesick Libraries, along with providing salaries and fringe benefits to the Manton Library. The Library Board consists of 10 members, four of whom are appointed by the City of Cadillac and six of whom are appointed by Wexford County. A complete financial report for the component unit can be obtained from the following:

Cadillac – Wexford Public Library
411 S. Lake St.
Cadillac, Michigan 49601

County of Wexford Road Commission – The Wexford County Road Commission is an independent governmental agency operated under the jurisdiction of the State of Michigan and Wexford County. The commission is charged with the responsibility of maintaining all primary and local road systems in Wexford County. A complete financial report for the component unit can be obtained from the following:

Wexford County Road Commission
85 W. M-115
Boon, Michigan 49618

B – Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C – Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable – Current or Property Taxes

The County of Wexford property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the County of Wexford as of the preceding December 31st.

Although the County of Wexford 2004 ad valorem tax is levied and collectible on December 1, 2004, it is the County of Wexford's policy to recognize revenue from the current tax levy in the subsequent year or the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The 2003 taxable valuation of the County of Wexford totaled \$750,971,897, on which ad valorem taxes levied consisted of 6.8303 mills for the County operating, 0.9309 mills for Public Safety, 0.3429 mills for Animal Control, and 0.9882 mills for Council on Aging, raising \$4,983,778 for operating, \$679,250 for Public Safety, \$250,204 for Animal Control, and \$728,589 for Council on Aging. These amounts are recognized in the respective General and Special Revenue Fund financial statements as taxes receivable – current or as tax revenue.

The County reports the following major governmental funds:

General Fund

This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Revenue Sharing Reserve

This fund was established to replace lost revenue sharing funds.

The County reports the following major proprietary funds:

Sanitary Landfill Fund

The Sanitary Landfill Fund is an Enterprise Fund operated by the Wexford County Department of Public Works. Located in Cedar Creek Township, the landfill is operated for the disposal of solid waste within Wexford County.

Unrestricted Treasurer's Fund

The Unrestricted Treasurer's Fund consists of the surplus accumulated through the collection, administration, and operation of each specific delinquent tax fund. Use of this fund is subject to guidelines set forth in Resolution 3-20, which was approved June 4, 2003 establishing the following priorities: (1) self-fund the delinquent tax distribution to various taxing units as opposed to borrowing, and (2) elimination of obligations for debt service where possible.

2003 Delinquent Tax Fund

The 2003 Delinquent Tax Fund was established to collect and receive the 2003 delinquent taxes along with the administration and operation of that specific tax year. The fund will be closed out after the reversion process has been completed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Fund

The Public Health Trust is the County's only permanent fund. The principle portion of this fund must stay intact, but the interest earnings are used to provide for the Trust's purpose.

Internal Service Fund

This fund accounts for insurance services as provided to other departments of the government on a cost reimbursement basis.

Agency Funds

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for tax collections. Operating expenses for proprietary funds include the cost of sales and services, and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D - Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from all funds except for the delinquent tax funds are allocated to each fund based on month end cash balance. The pooled investment income for the Delinquent Tax Funds is generally allocated to each fund based on the average daily cash balance. Deposits are recorded at cost.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Contract Receivables – Contracts receivable represent special assessment revenue due from of the County's residents in association with debt that was issued to construct water and sewer systems for the residents.

Inventories and Prepaid Items – All inventories, including the cost of supplies, except for the Civic Center are expensed when purchased. Inventory for the Civic Center is recorded at cost on the first in/first out method. Expenditures for insurance and similar services are expensed when paid.

Restricted Assets – Restricted assets consist of a letter of credit and other funds set aside for landfill bonding and closing maintenance and monitoring (See Note 14).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets – Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	60 years
Building Improvements	10 years
Vehicles	10 years
Office Equipment	8 years
Computer Equipment	8 years

Deposit with Insurance Agent – Deposit with insurance agent represents funds on reserve with the Michigan Municipal Risk Management Authority to be used to fund the general liability claims of the County.

Compensated Absences (Vacation and Sick Leave) – It is the County's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A portion of the sick pay, depending on department, and all vacation pay is eligible to be paid out when employees separate from service with the County. The sick and vacation pay that is eligible to be paid out when employees separate from service with the County is accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Deferred Revenues – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Other Intergovernmental Revenues – Federal grants and assistance awards for all governmental type funds are recorded as intergovernmental revenue in accordance with the terms of the representative grants.

Interfund Transfers – During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by County management.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

Budgets and Budgetary Control – The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Each September, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing January 1 and lapses on December 31. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to January 1, the budget is legally enacted through a resolution passed by the Board of Commissioners.
- d. Budgetary control is exercised at the departmental level of the General Fund. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Commissioners. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
- e. The budget and approved appropriations lapse at the end of the fiscal year.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- f. The County does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

Budgeted amounts are as originally adopted or amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations which were amended. The modified accrual basis of accounting is used for budgetary purposes.

The General Fund revenue budget was adopted on the basis of activities or programs financed by the General Fund.

Michigan Public Act 621 of 1978 (the Budgeting Act) requires that budgets be adopted for Governmental Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted. The original budget adopted for the General fund was modified throughout the year through various budget amendments.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year-end, the County's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Total Primary Government	Fiduciary Funds	Component Units
Cash and Cash Equivalents - Unrestricted	\$ 2,710,880	\$ 10,211,711	\$ 12,922,591	\$ 1,049,755	\$ 864,782
Cash and Cash Equivalents - Restricted	-	280,000	280,000	-	-
Total	<u>\$ 2,710,880</u>	<u>\$ 10,491,711</u>	<u>\$ 13,202,591</u>	<u>\$ 1,049,755</u>	<u>\$ 864,782</u>

The breakdown between deposits is as follows:

	Primary Government	Fiduciary Funds	Component Units
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 13,182,439	\$ 1,049,755	\$ 864,162
Petty Cash and Cash on Hand	<u>20,152</u>	<u>-</u>	<u>620</u>
Total	<u>\$ 13,202,591</u>	<u>\$ 1,049,755</u>	<u>\$ 864,782</u>

Cash has been restricted in the Landfill fund for closure and post closure liability.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Statutory Authority:

Michigan Law (Public Act 20 of 1943 as amended) authorizes the County to deposit and invest in one or more of the following:

- a. Bond, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in a.
- e. Banker's acceptance of United States banks.
- f. Obligations of this State or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- h. Obligation described in a. through g. if purchased through an interlocal agreement under the urban cooperations act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

At year-end, the carrying amount of the County's primary and fiduciary deposits was \$14,232,194 and the bank balance was \$14,152,778. Of the bank balance, \$627,052, approximately 4%, was covered by federal depository insurance according to FDIC regulations.

These deposits are in various financial institutions in varying amounts. All accounts are in the name of the County and specific funds. They are recorded in County records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the County or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the County's name.

At year-end, the government's investment balances were categorized as follow:

	Category			Carrying Value	Fair Value
	1	2	3		
Primary Government:					
Money Markets	\$ -	\$ 4,154,263	\$ -	\$ 4,154,263	\$ 4,154,263
Treasury Bills and Government Securities	-	2,078,207	\$ -	2,078,207	2,078,207
Asset Backed Securities		1,056,945		1,056,945	1,056,945
U.S. Bonds	-	500,000	-	500,000	500,000
Total Primary Government	\$ -	\$ 7,789,415	\$ -	\$ 7,789,415	\$ 7,789,415

Included in the County's investments at the balance sheet date are approximately \$1,001,678 of obligations of the Federal National Mortgage Association, \$200,988 of obligations of the Government National Mortgage Association, and approximately \$1,932,486 of obligations of the Federal Home Loan. These investments are usually not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

The County's deposits and investment policy are in accordance with statutory authority.

NOTE 4 - RECEIVABLES

Receivables as of year-end for the government's individual major and nonmajor funds, are as follows:

	General Fund	Sanitary Landfill	2003 Delinquent Tax Fund	Revenue Sharing Reserve	Nonmajor and Other Funds	Total
Receivables:						
Accounts	\$ 84,961	\$ 127,806	\$ -	\$ -	\$ 157,918	\$ 370,685
Taxes	5,427,098	-	809,256	1,809,033	1,925,864	9,971,251
Special Assessment	-	-	-	-	542,490	542,490
Interest	-	-	80,351	-	36,694	117,045
Notes	-	-	-	-	906,948	906,948
Due From Others	<u>444,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,413</u>	<u>472,463</u>
Net Receivables	<u>\$ 5,956,109</u>	<u>\$ 127,806</u>	<u>\$ 889,607</u>	<u>\$ 1,809,033</u>	<u>\$ 3,598,327</u>	<u>\$ 12,380,882</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the primary government for the current year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	<u>\$ 78,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,562</u>
Capital assets being depreciated:				
Buildings and improvements	8,509,545	-	-	8,509,545
Equipment and furniture	1,326,873	102,236	(10,799)	1,418,310
Vehicles	<u>586,988</u>	<u>115,779</u>	<u>(39,970)</u>	<u>662,797</u>
Subtotal	<u>10,423,406</u>	<u>218,015</u>	<u>(50,769)</u>	<u>10,590,652</u>
Less accumulated depreciation for:				
Buildings and improvements	1,444,888	136,727	-	1,581,615
Equipment and furniture	738,736	110,918	(9,605)	840,049
Vehicles	<u>344,943</u>	<u>59,849</u>	<u>(26,028)</u>	<u>378,764</u>
Subtotal	<u>2,528,567</u>	<u>307,494</u>	<u>(35,633)</u>	<u>2,800,428</u>
Net Capital Assets Being Depreciated	<u>7,894,839</u>	<u>(89,479)</u>	<u>(15,136)</u>	<u>7,790,224</u>
Governmental Activity Capital Total				
Capital Assets - Net of Depreciation	<u>\$ 7,973,401</u>	<u>\$ (89,479)</u>	<u>\$ (15,136)</u>	<u>\$ 7,868,786</u>

NOTE 5 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 97,806	\$ -	\$ -	\$ 97,806
Capital assets being depreciated:				
Site improvements	3,506,011	-	-	3,506,011
Buildings and improvements	329,412	262,573	-	591,985
Vehicles	428,150	-	-	428,150
Machinery and equipment	1,277,077	8,380	-	1,285,457
Furniture and Fixtures	74,040	-	-	74,040
Water distribution system	<u>2,265,010</u>	<u>-</u>	<u>-</u>	<u>2,265,010</u>
Subtotal	<u>7,879,700</u>	<u>270,953</u>	<u>-</u>	<u>8,150,653</u>
Less accumulated depreciation for:				
Site improvements	972,250	96,474	-	1,068,724
Buildings and improvements	31,165	15,042	-	46,207
Vehicles	264,611	55,527	-	320,138
Machinery and equipment	481,215	197,473	-	678,688
Furniture and fixtures	45,777	7,148	-	52,925
Water distribution system	<u>505,522</u>	<u>45,294</u>	<u>-</u>	<u>550,816</u>
Subtotal	<u>2,300,540</u>	<u>416,958</u>	<u>-</u>	<u>2,717,498</u>
Net Capital Assets Being Depreciated	<u>5,579,160</u>	<u>(146,005)</u>	<u>-</u>	<u>5,433,155</u>
Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 5,676,966</u>	<u>\$ (146,005)</u>	<u>\$ -</u>	<u>\$ 5,530,961</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 143,667
Public Safety	106,598
Recreation and Culture	<u>57,229</u>
Total Governmental Activities	<u>\$ 307,494</u>

NOTE 5 - CAPITAL ASSETS (Continued)

A summary of changes in the Transit Authority's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 76,895	\$ -	\$ (30,670)	\$ 46,225
Capital assets being depreciated:				
Buildings	982,355	-	-	982,355
Buses	1,341,921	48,992	-	1,390,913
Other vehicles	45,439	-	-	45,439
Bus and garage equipment	136,094	13,716	-	149,810
Office equipment	62,198	3,847	(1,425)	64,620
Total capital assets being depreciated	2,568,007	66,555	(1,425)	2,633,137
Less accumulated depreciation for:				
Buildings	403,131	49,219	-	452,350
Buses	717,260	159,653	-	876,913
Other vehicles	25,636	5,165	-	30,801
Bus and garage equipment	96,953	10,380	-	107,333
Office equipment	41,165	5,588	(875)	45,878
Total accumulated depreciation	1,284,145	230,005	(875)	1,513,275
Total capital assets being depreciated	1,283,862	(163,450)	(550)	1,119,862
Business-type activities capital assets, net	\$ 1,360,757	\$ (163,450)	\$ (31,220)	\$ 1,166,087

A summary of changes in the Airport Authority's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 97,700	\$ -	\$ -	\$ 97,700
Capital assets being depreciated:				
Buildings	634,118	177,603	-	811,721
Land improvement	2,572,179	-	-	2,572,179
Office equipment and furniture	8,752	-	-	8,752
Machinery and equipment	257,466	-	-	257,466
Total capital assets being depreciated	3,472,515	177,603	-	3,650,118

NOTE 5 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings	202,135	15,090	-	217,225
Land improvement	1,303,431	128,609	-	1,432,040
Office equipment and furniture	6,539	710	-	7,249
Machinery and equipment	<u>204,506</u>	<u>9,467</u>	<u>-</u>	<u>213,973</u>
Total accumulated depreciation	<u>1,716,611</u>	<u>153,876</u>	<u>-</u>	<u>1,870,487</u>
Total capital assets being depreciated	<u>1,755,904</u>	<u>23,727</u>	<u>-</u>	<u>1,779,631</u>
Governmental activities capital assets, net	<u>\$ 1,853,604</u>	<u>\$ 23,727</u>	<u>\$ -</u>	<u>\$ 1,877,331</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings and building improvements	\$ 526,115	\$ 4,400	\$ -	\$ 530,515
Land improvements	<u>104,459</u>	<u>-</u>	<u>-</u>	<u>104,459</u>
Total capital assets, being depreciated	<u>630,574</u>	<u>4,400</u>	<u>-</u>	<u>634,974</u>
Less accumulated depreciation for:				
Buildings and building improvements	352,631	18,501	-	371,132
Land improvements	<u>63,954</u>	<u>4,136</u>	<u>-</u>	<u>68,090</u>
Total accumulated depreciation	<u>416,585</u>	<u>22,637</u>	<u>-</u>	<u>439,222</u>
Business-type activities capital assets, net	<u>\$ 213,989</u>	<u>\$ (18,237)</u>	<u>\$ -</u>	<u>195,752</u>
Net capital per statement of net assets				<u>\$ 2,073,083</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	<u>\$ 153,876</u>
Business-type activities:	
T-Hanger	<u>\$ 22,637</u>

NOTE 5 - CAPITAL ASSETS (Continued)

A summary of changes in the Library's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Books	\$ 1,984,293	\$ 137,577	\$ 13,078	\$ 2,108,792
Furniture and fixtures	195,195	7,598	-	202,793
Equipment	132,616	94,915	44,999	182,532
Leasehold improvements	<u>1,586</u>	<u>-</u>	<u>-</u>	<u>1,586</u>
Subtotal	2,313,690	240,090	58,077	2,495,703
Accumulated depreciation	<u>(1,750,725)</u>	<u>(186,748)</u>	<u>(44,539)</u>	<u>(1,892,934)</u>
Net capital assets being depreciated	<u>\$ 562,965</u>	<u>\$ 53,342</u>	<u>\$ 13,538</u>	<u>\$ 602,769</u>

Depreciation for the fiscal year ended December 31, 2004 amounted to \$186,748.

A summary of changes in the Road Commission's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements-infrastructure	\$ 5,562,534	738,260	-	6,300,794
Land and improvements-other	<u>35,170</u>	<u>-</u>	<u>-</u>	<u>35,170</u>
Subtotal	<u>5,597,704</u>	<u>738,260</u>	<u>-</u>	<u>6,335,964</u>
Capital assets being depreciated:				
Land and improvements	177,637	-	-	177,637
Depletable assets	70,392	-	-	70,392
Buildings	2,407,580	36,511	-	2,444,091
Road equipment	5,596,949	567,754	262,996	5,901,707
Shop equipment	360,336	5,978	-	366,314
Office equipment	96,384	3,318	-	99,702
Engineers equipment	39,930	-	-	39,930
Infrastructure-bridges	3,859,990	25,559	-	3,885,549
Infrastructure-roads	<u>17,995,480</u>	<u>1,488,177</u>	<u>-</u>	<u>19,483,657</u>
Subtotal	<u>30,604,678</u>	<u>2,127,297</u>	<u>262,996</u>	<u>32,468,979</u>

NOTE 5 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Land and improvements	93,529	5,999	-	99,528
Depletable assets	60,518	-	-	60,518
Buildings	1,012,636	66,218	-	1,078,854
Road equipment	4,261,530	508,558	227,583	4,542,505
Shop equipment	277,000	19,363	-	296,363
Office equipment	74,957	6,771	-	81,728
Engineers equipment	30,333	2,171	-	32,504
Infrastructure-bridges	882,187	145,035	-	1,027,222
Infrastructure-roads	<u>6,027,369</u>	<u>1,799,425</u>	<u>-</u>	<u>7,826,794</u>
Subtotal	<u>12,720,059</u>	<u>2,553,540</u>	<u>227,583</u>	<u>15,046,016</u>
Net capital assets being depreciated	<u>17,884,619</u>	<u>(426,243)</u>	<u>35,413</u>	<u>17,422,963</u>
Total net capital assets	<u>\$ 23,482,323</u>	<u>\$ 312,017</u>	<u>\$ 35,413</u>	<u>\$ 23,758,927</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County of Wexford reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds, proprietary funds, and fiduciary funds. Interfund transactions resulting in interfund Receivables and Payable are as follows:

		DUE TO OTHER FUNDS			
		<u>General Funds</u>	<u>Unrestricted Treasurer's Fund</u>	<u>All Others</u>	<u>Totals</u>
DUE FROM OTHER FUNDS	General Fund	\$ -	\$ -	\$ 210,448	\$ 210,448
	Revenue Sharing Reserve Fund	300,651	-	-	300,651
	2003 Delinquent Tax Fund	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
	Total	<u>\$ 300,651</u>	<u>\$ 2,500,000</u>	<u>210,448</u>	<u>\$ 3,011,099</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Interfund Transfers

	TRANSFERS (OUT)					
	General Fund	Revenue Sharing Reserve	Unrestricted Treasurer's Fund	Landfill	All Others	Total
General Fund	\$ -	\$ 300,651	\$ 10,500	\$ -	\$ 803,250	\$ 1,114,401
Unrestricted Treasurer's Fund	-	-	-	-	300,000	300,000
All Others	<u>561,183</u>	<u>-</u>	<u>-</u>	<u>620,145</u>	<u>128,378</u>	<u>1,309,706</u>
Total	<u>\$ 561,183</u>	<u>\$ 300,651</u>	<u>\$ 10,500</u>	<u>\$ 620,145</u>	<u>\$ 1,231,628</u>	<u>\$ 2,724,107</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - LEASES

Capital Leases – The County leases vehicles and equipment under capital leases with yearly lease payments ranging from \$2,374 to \$16,800, including interest rates ranging from 4.00% to 6.95%. The leases qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present values are as follows:

2005	\$ 180,293
2006	180,291
2007	140,137
2008	259,496
2009	<u>40,310</u>
Total minimum lease payments	800,527
Less amount representing interest	<u>72,478</u>
Present value of minimum lease payment	<u>\$ 728,049</u>

NOTE 8 - LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government.

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities							
Series 2002							
Building Authority Bonds	4.75% - 7.75%	2032	\$ 4,720,000	\$ -	80,000	\$ 4,640,000	\$ 80,000
Series 1995A, Sanitary Sewer, Special Assessment Bond, (Village of Mesick Project)	4.50%	2025	286,000	-	8,000	278,000	8,000
Series 1995B, Sanitary Sewer, Special Assessment Bond, (Village of Mesick Project)	4.50%	2025	159,000	-	4,000	155,000	5,000
Series 1996, Water Supply System, Special Assessment Bond (Haring Charter Township)	5.3% - 7.4%	2016	<u>205,000</u>	<u>-</u>	<u>10,000</u>	<u>195,000</u>	<u>10,000</u>
Total Governmental Activities			<u>\$ 5,370,000</u>	<u>\$ -</u>	<u>\$ 102,000</u>	<u>\$ 5,268,000</u>	<u>\$ 103,000</u>
Business-Type Activities							
Series 1996							
Water Supply System Bond (Haring Charter Township)	5.6%-7.4%	2026	<u>710,000</u>	<u>-</u>	<u>15,000</u>	<u>695,000</u>	<u>15,000</u>
Total Business-Type Activities			<u>\$ 710,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 695,000</u>	<u>\$ 15,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year End December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 103,000	\$ 277,767	\$ 15,000	\$ 42,630
2006	109,000	270,231	15,000	41,520
2007	119,000	262,280	20,000	40,410
2008	119,000	253,865	20,000	39,185
2009	125,000	245,204	20,000	38,065
2010-2014	728,000	1,079,844	120,000	171,275
2015-2019	843,000	837,794	160,000	131,043
2020-2024	1,036,000	622,504	220,000	75,367
2025-2029	1,211,000	354,574	105,000	10,000
2030-2032	<u>875,000</u>	<u>64,006</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,268,000</u>	<u>\$ 4,268,069</u>	<u>\$ 695,000</u>	<u>\$ 589,495</u>

NOTE 8 - LONG-TERM DEBT (Continued)

A summary of vested benefits payable at December 31, 2004 is as follows:

Vacation	\$ 212,670
Sick Leave	<u>61,745</u>
TOTALS	<u>\$ 274,415</u>

Defeased Debt – During 2003, the County defeased \$1,780,000 of outstanding 1998 Building Authority bonds with an average interest rate of 4.83 percent. In order to defease the bonds, \$1,949,955 was transferred from the Unrestricted Delinquent Tax Fund to the Civic Center Debt Service Fund. This amount was then used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Building Authority bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the statement of net assets.

Component Units – Long-term debt of the component units consists of a note payable for \$16,002, two installment purchase contracts for \$48,963 and \$38,252, and a capital lease for \$63,538, maturing through February 2007, and bearing interest at rates ranging from 0 percent to 10.43 percent. Of these amounts, \$87,353 is due within one year.

NOTE 9 - RISK MANAGEMENT

Risk Management – The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The County joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The government pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

The government continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The government is unable to provide an estimate of the amounts of additional assessments.

NOTE 10 - CONTINGENT LIABILITIES

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2004.

Landfill

The County Landfill is currently undergoing a review by the Michigan Department of Environmental Quality for a possible ground water contamination. As of the date of our report the MDEQ has not determined a corrective course of action nor have any costs been determined.

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Description of Plan and Plan Assets

The County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.0 percent times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2003.

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 447 North Canal Street, Lansing, Michigan 48917-9755.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The County is required to contribute at an actuarially determined rate.

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The contribution rate as a percentage of payroll at December 31, 2004 is as follows:

General	4.98%
Sheriff Department:	
Command	13.77%
Deputies–Non-Union	10.21%
Deputies	11.54%
Courthouse Employees	15.70%
DPW Landfill Employees	8.13%
Union Employees	10.08%
Non-Union Employees/Elected Officials	8.50%

Annual Pension Cost

During the year ended December 31, 2004, the County's contributions totaling \$434,961 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2002. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

Three year trend information as of December 31, follows:

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Actuarial Value of Assets	\$ 9,518,663	\$ 9,847,947	\$ 10,828,129
Actuarial Accrued Liability	10,732,634	11,908,130	14,647,321
Unfunded AAL	1,213,971	2,060,183	3,819,192
Funded Ratio	89%	83%	74%
Covered Payroll	4,543,382	4,980,417	4,955,665
UAAL as a Percentage of Covered Payroll	27%	41%	77%

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**ROAD COMMISSION**Description of Plan and Plan Assets

The Road Commission has an agent, multi-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty – connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.25 percent times the final compensation (FAC), with a maximum benefit of 80% FAC. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2003.

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 220 of Public Acts of 1996, as amended, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 447 North Canal Street, Lansing, Michigan 48917-9755.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road commission's competitive bargaining unit and personnel policy, which requires non-administrative employees to contribute to the plan at a rate of 2% and administrative employees to contribute at a rate of 2%. The Road Commission is required to contribute at an actuarially determined rate; the current rate was 16.03% and 26.29% for non-administrative and administrative employees, respectfully.

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Annual Pension Cost

During the fiscal year ended December 31, 2004, the Road Commission's contributions totaling \$292,133 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2002. The employer contribution rate has been determined based on the entry age normal cost method. Under the entry age normal cost method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Three year trend information as of December 31 follows:

	2001	2002	2003
Actuarial Value of Assets	\$ 5,997,247	\$ 5,834,146	\$ 5,938,257
Actuarial Accrued Liability	7,681,025	8,211,393	8,434,677
Unfunded AAL	1,683,778	2,377,247	2,496,420
Funded Ratio	78%	71%	70%
Covered Payroll	1,440,160	1,560,518	1,518,589
UAAL as a Percentage of Covered Payroll	117%	152%	164%

CADILLAC – WEXFORD TRANSIT AUTHORITY

For the year ended September 30, 2000, the Cadillac-Wexford Transit Authority began contributing to the Municipal Employees Retirement System of Michigan (MERS).

Plan Description

Substantially all full-time employees of the Authority are members of the Municipal Employees Retirement System of Michigan (MERS) which provides retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer pension plan administered by the State of Michigan. Act No. 427 of Public Acts of 1984, as amended, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities. In this case, the authority rests with the Cadillac-Wexford Transit Authority. The MERS issues a publicly available financial report that includes statements and required supplementary information for MERS. That report may be obtained by writing to the Retirement Board, Municipal Employees Retirement System of Michigan, 447 North Canal Road, Lansing, MI 48917.

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)Funding Policy

MERS members are not required to make any contributions to the plan. The Authority is required to contribute at an actuarially determined rate; the current rate is 11.01% to 16.98% of annual covered payroll depending on division of employees.

Annual Pension Cost

For the years ended September 30, 2004 and 2003, the annual pension cost was \$59,406 and \$54,352.

TREND INFORMATION FOR MERS

<u>FISCAL YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
9/30/00	123,227	100%	0
9/30/01	56,810	100%	0
9/30/02	62,675	100%	0
9/30/03	54,352	100%	0
9/30/04	59,406	100%	0

CADILLAC – WEXFORD PUBLIC LIBRARY

The Cadillac – Wexford Public Library participates in the agent multiple-employer Michigan Municipal Employees Retirement System (the “System”) through the City of Cadillac. Separate information on pension funding for the Library’s employees is not available. Complete pension disclosure for the Plan may be obtained from the City of Cadillac’s comprehensive annual financial report.

NOTE 12 - POST EMPLOYMENT BENEFITS

The County provides health care, prescription, and dental benefits to all full-time employees upon retirement. Currently, 32 retirees are eligible. The County includes pre-Medicare retirees and their dependents in its insured health care plan. The County charges the retirees a monthly fee to participate. During the year ended December 31, 2004 the County had collected approximately \$96,133 more from retirees than it had in claims.

NOTE 13 - RESTRICTED NET ASSETS

The net assets of the governmental activities have been restricted for the following purposes:

	<u>Governmental Activities</u>
Public safety	\$ 53,372
Grants and contributions	363,287
Animal control	409,360
Court building activities	32,503
911 wireless activities	467,261
Building inspection	72,965
Register of deeds technology	83,678
Debt service	<u>475,872</u>
Total restricted net assets	<u>\$ 1,958,298</u>

NOTE 14 - RESTRICTED ASSETS

The County's restricted assets are comprised of the following:

Investments restricted for landfill bonding	\$ 280,000
Investments restricted for perpetual care	<u>1,088,250</u>
Total restricted assets	<u>\$ 1,368,250</u>

The investments restricted for landfill bonding consist of an irrevocable letter of credit to the Michigan Department of Natural Resources in the amount of \$280,000 for the bonding of the Wexford County Sanitary Landfill. Certificates of deposit totaling \$280,000 were pledged and assigned to Citizens Bank as security for any draws on the letter of credit. The annual fee for the letter of credit is 1 percent.

The investments restricted for perpetual care consist of funds set aside for closure, monitoring, and maintenance of the landfill and for response activity necessitated by potential contamination discharge from the landfill. Restricted assets are intended to pay for closure and postclosure costs. The liability associated with these costs is larger than the amount of restricted assets; therefore, net assets have not been restricted.

The operator of the landfill is required to designate a custodian of the fund and deposit amounts into the fund based on the volume and the type of material deposited in the landfill. The custodian is not to disburse any amount of the fund to the operator of the landfill without the approval of the director of the Department of Natural Resources. Thirty years after the closure of the landfill, 50 percent of any money in the Perpetual Care Fund may be returned to the operator.

NOTE 14 - RESTRICTED ASSETS (Continued)

To comply with this act, the landfill contracted with the director of the Department of Natural Resources to establish a Perpetual Care Fund with Bank One Trust and JP Morgan Company as the designated custodian. The landfill has begun to make the required deposits into a separate savings account and will continue to do so until the contract with the Department of Natural Resources is completed.

Landfill – Closure and Postclosure Care Costs

State and deferral laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,666,141 reported as landfill closure and postclosure care liability at December 31, 2004 represents the cumulative amount reported to date based on the use of approximately 77 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of approximately \$1,724,478 as the remaining estimated capacity is filled. The estimated remaining life of the landfill based on current consumption of the cells in use is 3 years.

These amounts are based on what it would cost to perform all closure and postclosure care in current dollars. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County expects that future costs, including inflation and changes in technology or applicable laws and regulation, will be paid from cash and investments maintained in the Sanitary Landfill Enterprise, as well as charges to future landfill users.

NOTE 15 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes for subsequent year	\$ -	\$ 7,245,461
Community development program income	906,948	-
Public improvement	5,702	-
Special assessments	<u>542,490</u>	<u>-</u>
Total	<u>\$ 1,455,140</u>	<u>\$ 7,245,461</u>

NOTE 16 - SUBSEQUENT EVENTS

The Road Commission issued bonds in the amount of \$900,000 in January 2005. The County approved a waste relocation project with CTI in the amount of \$800,000 in February 2005.

Required Supplemental Information

County of Wexford, Michigan

Required Supplemental Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
REVENUES:				
Taxes	5,184,450	5,184,450	\$ 5,202,056	\$ 17,606
Licenses & Permits	3,270	3,270	7,605	4,335
Intergovernmental Revenue:				
Federal	348,750	401,816	816,329	414,513
State	1,532,423	1,580,392	1,066,690	(513,702)
Local Units	8,000	8,000	7,826	(174)
Charges for Services	1,034,205	1,034,205	1,092,404	58,199
Fines & Forfeitures	37,200	37,200	45,749	8,549
Interest & Rents	58,700	59,700	89,813	30,113
Other Revenue	722,706	720,086	526,270	(193,816)
TOTAL REVENUES	8,929,704	9,029,119	8,854,742	(174,377)
EXPENDITURES:				
Legislative:				
Board of Commissioners	51,189	51,189	49,998	1,191
Judicial:				
Circuit Court	251,906	257,580	254,634	2,946
District Court	530,482	525,346	520,227	5,119
Friend of the Court	593,706	594,479	579,284	15,195
Jury Commission	3,350	3,389	3,389	-
Probate Court	562,567	554,140	552,607	1,533
Probation and Parole	9,923	9,923	6,871	3,052
Circuit Court Family Counsel	42,278	44,191	44,117	74
Public Defender	208,560	207,060	204,517	2,543
Total Judicial	2,202,772	2,196,108	2,165,646	30,462
General Government:				
Administrative	150,418	150,696	148,364	2,332
Elections	50,800	31,318	30,015	1,303
General Accounting Office	148,215	147,540	145,438	2,102
County Clerk	190,572	189,562	187,408	2,154
Equalization	271,170	270,434	265,672	4,762
Prosecuting Attorney	379,734	377,085	368,761	8,324
Register of Deeds	153,746	161,256	159,993	1,263
State Survey - Remonumentation	36,105	37,105	37,105	-
County Treasurer	209,119	206,336	203,821	2,515
Cooperative Extension	110,138	98,124	95,464	2,660
County Building & Grounds	408,878	434,425	424,117	10,308
Drain Commission	19,394	23,822	22,703	1,119
General Services Administration	469,650	520,451	507,080	13,371
Total General Government	2,597,939	2,648,154	2,595,941	52,213

County of Wexford, Michigan

Required Supplemental Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Public Safety:				
Sheriff	1,464,482	1,479,290	1,460,174	19,116
School Liason	60,678	60,665	59,871	794
Secondary Road	96,324	94,850	94,397	453
Communications/Dispatch	545,394	562,819	556,963	5,856
Marine	22,144	20,425	20,425	-
Federal Forest	3,200	3,198	3,198	-
Snowmobile	22,004	22,150	21,705	445
ORV Grant	16,933	18,980	18,978	2
Jail	1,265,125	1,413,318	1,406,980	6,338
Emergency Management	117,298	157,730	119,328	38,402
Total Public Safety	3,613,582	3,833,425	3,762,019	71,406
Health & Welfare:				
Contagious Diseases	4,000	1,314	1,314	-
Medical Examiner	50,000	81,957	81,957	-
Veterans Burial and Foundations	15,000	18,900	18,900	-
Total Health & Welfare	69,000	102,171	102,171	-
Community & Economic Development				
Planning & Zoning	42,230	41,437	40,665	772
Other Expenditures:				
Appropriations	524,629	546,604	546,604	-
Capital Outlay:				
Equipment	-	9,470	9,470	-
TOTAL EXPENDITURES	9,101,341	9,428,558	9,272,514	156,044
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(171,637)	(399,439)	(417,772)	(330,421)
Other Financing Sources (Uses):				
Operating Transfers In	739,950	960,622	1,114,401	(153,779)
Operating Transfers Out	(568,313)	(561,183)	(561,183)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	-	135,446	(484,200)
FUND BALANCE, JANUARY 1			1,345,586	
FUND BALANCE, DECEMBER 31			\$ 1,481,032	

County of Wexford, Michigan

Required Supplemental Information Budgetary Comparison Schedule Revenue Sharing Reserve Fund For the Year Ended December 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
REVENUES:				
Taxes	-	300,651	1,809,033	1,508,382
 TOTAL REVENUES	 -	 300,651	 1,809,033	 1,508,382
 OTHER FINANCING SOURCES (USES);				
Operating Transfers Out	-	(300,651)	(300,651)	-
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	 - - -	 - - -	 1,508,382	 1,508,382
 FUND BALANCE, JANUARY 1			-	
 FUND BALANCE, DECEMBER 31			\$ 1,508,382	

Other Supplemental Information

County of Wexford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2004

	Special Revenue Funds							
	Public Safety	Civic Center	Friend of the Court	Animal Control	Court Security	Public Improvement	Building Inspection	Homestead Audit
ASSETS:								
Cash & Equivalents - Unrestricted	\$ 53,372	\$ 33,227	\$ 1,932	\$ 412,150	\$ 35,186	\$ 56,871	\$ 77,205	\$ 4,594
Investments - Unrestricted	-	-	-	-	-	-	-	-
Accounts Receivable	-	22,302	-	-	-	1,651	-	-
Taxes Receivable	739,650	-	-	272,394	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
Prepaid Expenditure	-	-	-	-	-	-	434	-
Inventories	-	6,633	-	-	-	-	-	-
TOTAL ASSETS	\$ 793,022	\$ 62,162	\$ 1,932	\$ 684,544	\$ 35,186	\$ 58,522	\$ 77,639	\$ 4,594
LIABILITIES:								
Accounts Payable	-	6,658	-	802	2,140	242	443	-
Due to Governmental Units	-	-	-	-	-	-	-	-
Accrued Liabilities	-	2,184	-	1,988	543	-	4,501	-
Other Liabilities	-	300	-	-	-	-	-	-
Deferred Revenue	739,650	-	-	272,394	-	5,702	-	-
TOTAL LIABILITIES	739,650	9,142	-	275,184	2,683	5,944	4,944	-
FUND BALANCES:								
Unreserved	53,372	53,020	1,932	409,360	32,503	52,578	72,695	4,594
TOTAL FUND BALANCES	53,372	53,020	1,932	409,360	32,503	52,578	72,695	4,594
TOTAL LIABILITIES AND FUND BALANCES	\$ 793,022	\$ 62,162	\$ 1,932	\$ 684,544	\$ 35,186	\$ 58,522	\$ 77,639	\$ 4,594

County of Wexford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2004

	Special Revenue Funds							
	Register of Deeds Automation	Community Alternative Program	911 Wireless	Family Counseling Service	Law Library	Community Development Grant Program	Community That Cares Grant	Michigan Justice Training
ASSETS:								
Cash & Equivalents - Unrestricted	\$ 89,678	\$ 175,885	\$ 166,270	\$ 2,284	\$ 2,835	\$ 8,910	\$ 7,495	\$ 8,194
Investments - Unrestricted	-	-	303,913	-	-	-	-	-
Accounts Receivable	-	30,337	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	906,948	-	-
Due from Governmental Units	-	-	24,876	-	-	-	1,689	-
Prepaid Expenditure	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 89,678	\$ 206,222	\$ 495,059	\$ 2,284	\$ 2,835	\$ 915,858	\$ 9,184	\$ 8,194
LIABILITIES:								
Accounts Payable	6,000	23,867	27,798	-	1,296	-	1,824	-
Due to Governmental Units	-	-	-	-	-	-	-	-
Accrued Liabilities	-	2,663	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	906,948	-	-
TOTAL LIABILITIES	6,000	26,530	27,798	-	1,296	906,948	1,824	-
FUND BALANCES:								
Unreserved	83,678	179,692	467,261	2,284	1,539	8,910	7,360	8,194
TOTAL FUND BALANCES	83,678	179,692	467,261	2,284	1,539	8,910	7,360	8,194
TOTAL LIABILITIES AND FUND BALANCES	\$ 89,678	\$ 206,222	\$ 495,059	\$ 2,284	\$ 2,835	\$ 915,858	\$ 9,184	\$ 8,194

County of Wexford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2004

	Special Revenue Funds					Debt Service Funds		
	Social Welfare	Juvenile Justice	Child Care	Soldiers & Sailors Relief	Veterans Trust	Council on Aging	Courthouse Expansion	Mesick Project
ASSETS:								
Cash & Equivalents - Unrestricted	\$ 113,635	\$ 3,073	\$ 69,236	\$ 4,919	\$ 766	\$ 97,305	\$ 18,432	\$ 238,383
Investments - Unrestricted	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	791,390	-	-
Special Assessments Receivable	-	-	-	-	-	-	-	237,383
Loans Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	1,848	-	-	-	-	-	-
Prepaid Expenditure	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 113,635</u>	<u>\$ 4,921</u>	<u>\$ 69,236</u>	<u>\$ 4,919</u>	<u>\$ 766</u>	<u>\$ 888,695</u>	<u>\$ 18,432</u>	<u>\$ 475,766</u>
LIABILITIES:								
Accounts Payable	-	-	5,522	-	-	-	-	-
Due to Governmental Units	18,000	-	21,734	-	-	-	-	-
Accrued Liabilities	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	791,390	-	237,383
TOTAL LIABILITIES	<u>18,000</u>	<u>-</u>	<u>27,256</u>	<u>-</u>	<u>-</u>	<u>791,390</u>	<u>-</u>	<u>237,383</u>
FUND BALANCES:								
Unreserved	<u>95,635</u>	<u>4,921</u>	<u>41,980</u>	<u>4,919</u>	<u>766</u>	<u>97,305</u>	<u>18,432</u>	<u>238,383</u>
TOTAL FUND BALANCES	<u>95,635</u>	<u>4,921</u>	<u>41,980</u>	<u>4,919</u>	<u>766</u>	<u>97,305</u>	<u>18,432</u>	<u>238,383</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 113,635</u>	<u>\$ 4,921</u>	<u>\$ 69,236</u>	<u>\$ 4,919</u>	<u>\$ 766</u>	<u>\$ 888,695</u>	<u>\$ 18,432</u>	<u>\$ 475,766</u>

County of Wexford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2004

	Debt Service Funds		Capital Project Funds	Permanent Fund	
	Haring Twp Water System	DPW #3 Haring Twp	Courthouse Expansion Project	Public Health	Totals
ASSETS:					
Cash & Equivalents - Unrestricted	\$ 17,142	\$ 201,915	\$ 38,070	\$ -	\$ 1,938,964
Investments - Unrestricted	-	-	-	-	303,913
Accounts Receivable	-	-	-	-	54,290
Taxes Receivable	-	-	-	-	1,803,434
Special Assessments Receivable	158,784	146,323	-	-	542,490
Loans Receivable	-	-	-	-	906,948
Due from Governmental Units	-	-	-	-	28,413
Prepaid Expenditure	-	-	-	-	434
Inventories	-	-	-	-	6,633
TOTAL ASSETS	\$ 175,926	\$ 348,238	\$ 38,070	\$ -	\$ 5,585,519
LIABILITIES:					
Accounts Payable	-	-	38,070	-	114,662
Due to Governmental Units	-	-	-	-	39,734
Accrued Liabilities	-	-	-	-	11,879
Other Liabilities	-	-	-	-	300
Deferred Revenue	158,784	146,323	-	-	3,258,574
TOTAL LIABILITIES	158,784	146,323	38,070	-	3,425,149
FUND BALANCES:					
Unreserved	17,142	201,915	-	-	2,160,370
TOTAL FUND BALANCES	17,142	201,915	-	-	2,160,370
TOTAL LIABILITIES AND FUND BALANCES	\$ 175,926	\$ 348,238	\$ 38,070	\$ -	\$ 5,585,519

County of Wexford, Michigan

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2004

	Special Revenue Funds							
	Public Safety	Civic Center	Friend of the Court	Animal Control	Court Security	Public Improvement	Building Inspection	Homestead Audit
REVENUES:								
Taxes	\$ 679,250	\$ -	\$ -	\$ 250,204	\$ -	\$ -	\$ -	\$ 8,775
Special Assessments	-	-	-	-	-	-	-	-
Licenses & Permits	-	-	-	4,159	-	-	-	-
Intergovernmental Revenue:								
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	-
Local Sources	-	-	15,161	-	-	-	-	-
Charges for Services	-	300,701	6,350	15,028	67,058	9,713	355,448	-
Fines & Forfeitures	-	-	-	-	-	-	-	-
Interest & Rentals	4,968	-	42	5,522	308	174	672	-
Other Revenue	-	-	-	607	10,097	20,254	767	-
TOTAL REVENUES	684,218	300,701	21,553	275,520	77,463	30,141	356,887	8,775
EXPENDITURES:								
General Government	-	-	-	-	-	-	-	4,181
Public Safety	-	-	-	218,622	72,884	-	327,139	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	-	362,230	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	97,213	-	-
Debt Service	40,154	16,800	-	-	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	40,154	379,030	-	218,622	72,884	97,213	327,139	4,181
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	644,064	(78,329)	21,553	56,898	4,579	(67,072)	29,748	4,594
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	80,000	-	-	-	10,000	-	-
Operating Transfers Out	(690,000)	-	(20,000)	(15,650)	-	(3,800)	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(45,936)	1,671	1,553	41,248	4,579	(60,872)	29,748	4,594
FUND BALANCES, JANUARY 1	99,308	51,349	379	368,112	27,924	113,450	42,947	-
FUND BALANCES, DECEMBER 31	\$ 53,372	\$ 53,020	\$ 1,932	\$ 409,360	\$ 32,503	\$ 52,578	\$ 72,695	\$ 4,594

County of Wexford, Michigan

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2004

	Special Revenue Funds							Michigan Justice Training
	Register of Deeds Automation	Community Alternative Program	911 Wireless	Family Counseling Service	Law Library	Community Development Grant Program	Community That Cares Grant	
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-	-
Licenses & Permits	-	-	-	4,705	-	-	-	-
Intergovernmental Revenue:								
Federal Sources	-	-	-	-	-	88,953	32,685	-
State Sources	-	113,700	383,752	-	-	-	-	5,642
Local Sources	-	-	-	-	-	-	1,875	-
Charges for Services	52,630	3,625	-	-	-	-	-	-
Fines & Forfeitures	-	24,715	-	-	-	-	-	-
Interest & Rentals	779	1,967	5,632	83	-	262	-	-
Other Revenue	-	122,288	-	-	3,500	16,181	-	-
TOTAL REVENUES	53,409	266,295	389,384	4,788	3,500	105,396	34,560	5,642
EXPENDITURES:								
General Government	22,104	-	-	-	20,915	-	-	-
Public Safety	-	273,912	-	-	-	-	-	4,260
Health and Welfare	-	-	-	-	-	-	36,716	-
Recreation and Culture	-	-	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	126,885	-	-
Capital Outlay	-	-	28,298	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	22,104	273,912	28,298	-	20,915	126,885	36,716	4,260
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,305	(7,617)	361,086	4,788	(17,415)	(21,489)	(2,156)	1,382
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	17,500	-	-	-
Operating Transfers Out	-	-	(5,000)	(3,800)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	31,305	(7,617)	356,086	988	85	(21,489)	(2,156)	1,382
FUND BALANCES, JANUARY 1	52,373	187,309	111,175	1,296	1,454	30,399	9,516	6,812
FUND BALANCES, DECEMBER 31	\$ 83,678	\$ 179,692	\$ 467,261	\$ 2,284	\$ 1,539	\$ 8,910	\$ 7,360	\$ 8,194

County of Wexford, Michigan

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2004

	Special Revenue Funds						Debt Service Funds	
	Social Welfare	Juvenile Justice	Child Care	Soldiers & Sailors Relief	Veterans Trust	Council on Aging	Courthouse Expansion	Mesick Project
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 728,589	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-	35,383
Licenses & Permits	-	-	-	-	-	-	-	-
Intergovernmental Revenue:								
Federal Sources	-	-	-	-	-	-	-	-
State Sources	266,901	11,573	127,097	-	2,928	650,601	-	-
Local Sources	-	-	30,518	-	-	-	-	-
Charges for Services	-	-	585	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-	-	-	-
Interest & Rentals	770	-	917	-	-	3,998	-	2,574
Other Revenue	-	-	-	-	-	-	-	-
TOTAL REVENUES	267,671	11,573	159,117	-	2,928	1,383,188	-	37,957
EXPENDITURES:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Health and Welfare	273,088	14,488	605,850	8,153	2,463	1,308,470	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	333,513	31,755
Other Expenditures	-	-	-	-	-	-	275	-
TOTAL EXPENDITURES	273,088	14,488	605,850	8,153	2,463	1,308,470	333,788	31,755
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,417)	(2,915)	(446,733)	(8,153)	465	74,718	(333,788)	6,202
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	5,000	-	436,000	12,000	-	-	333,513	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(417)	(2,915)	(10,733)	3,847	465	74,718	(275)	6,202
FUND BALANCES, JANUARY 1	96,052	7,836	52,713	1,072	301	22,587	18,707	232,181
FUND BALANCES, DECEMBER 31	\$ 95,635	\$ 4,921	\$ 41,980	\$ 4,919	\$ 766	\$ 97,305	\$ 18,432	\$ 238,383

County of Wexford, Michigan

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2004

	Debt Service Funds		Capital Project Fund	Permanent Fund	
	Haring Twp Water System	DPW #3 Haring Twp	Courthouse Expansion Project	Public Health	Totals
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,666,818
Special Assessments	28,462	27,358	-	-	91,203
Licenses & Permits	-	-	-	-	8,864
Intergovernmental Revenue:					
Federal Sources	-	-	-	-	121,638
State Sources	-	-	-	-	1,562,194
Local Sources	-	-	-	-	47,554
Charges for Services	-	-	-	-	811,138
Fines & Forfeitures	-	-	-	-	24,715
Interest & Rentals	272	2,078	-	125	31,143
Other Revenue	-	-	-	-	173,694
TOTAL REVENUES	28,734	29,436	-	125	4,538,961
EXPENDITURES:					
General Government	-	-	-	-	47,200
Public Safety	-	-	-	-	896,817
Health and Welfare	-	-	-	22,652	2,271,880
Recreation and Culture	-	-	-	-	362,230
Community and Economic Development	-	-	-	-	126,885
Capital Outlay	-	-	-	-	125,511
Debt Service	21,793	-	-	-	444,015
Other Expenditures	725	-	-	-	1,000
TOTAL EXPENDITURES	22,518	-	-	22,652	4,275,538
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,216	29,436	-	(22,527)	263,423
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	-	-	-	-	894,013
Operating Transfers Out	-	-	-	-	(738,250)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	6,216	29,436	-	(22,527)	419,186
FUND BALANCES, JANUARY 1	10,926	172,479	-	22,527	1,741,184
FUND BALANCES, DECEMBER 31	\$ 17,142	\$ 201,915	\$ -	\$ -	\$ 2,160,370

County of Wexford, Michigan

Combining Statement of Net Assets Nonmajor Enterprise Funds December 31, 2004

	Land Reutilization	2001 Delinquent Tax	2002 Delinquent Tax	DPW Admin	Recycling	Aquatic Nuisance	Wastewater System #1 Lk Mitchell	Wastewater System #3 Haring Twp	Haring Twp Water System	Wastewater System #4 Mesick	Totals
ASSETS:											
<i>Current Assets:</i>											
Cash & Equivalents - Unrestricted	\$ 119,752	\$ 127,467	\$ 242,028	\$ 27,485	\$ 49,866	\$ 14,735	\$ 581,857	\$ 26,712	\$ 582,862	\$ 44,427	1,817,191
Taxes Receivable	-	8,003	114,427	-	-	-	-	-	-	-	122,430
Accounts Receivable	-	-	-	-	-	-	-	34,500	20,810	41,999	97,309
Interest Receivable	-	-	36,694	-	-	-	-	-	-	-	36,694
<i>Noncurrent Assets:</i>											
Property & Equipment (net of accumulated depreciation)	-	-	-	-	313,376	2,011	21,436	12,852	1,720,966	6,673	2,077,314
TOTAL ASSETS	\$ 119,752	\$ 135,470	\$ 393,149	\$ 27,485	\$ 363,242	\$ 16,746	\$ 603,293	\$ 74,064	\$ 2,324,638	\$ 93,099	\$ 4,150,938
LIABILITIES:											
<i>Current Liabilities:</i>											
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,487	\$ 588	\$ -	\$ 6,101	\$ 158	\$ 4,637	\$ 971	13,942
Accrued Liabilities	-	-	-	2,382	-	-	905	321	8,655	321	12,584
Due to Governmental Units	-	-	320	-	-	-	-	-	-	-	320
Bonds Payable	-	-	-	-	-	-	-	-	15,000	-	15,000
Other Liabilities	-	-	-	173	-	-	-	-	-	-	173
<i>Noncurrent Liabilities:</i>											
Bonds Payable	-	-	-	-	-	-	-	-	680,000	-	680,000
TOTAL LIABILITIES	-	-	320	4,042	588	-	7,006	479	708,292	1,292	722,019
NET ASSETS:											
Invested in Capital Assets (net of related debt)	-	-	-	-	313,376	2,011	21,436	12,852	1,025,966	6,673	1,382,314
Unrestricted	119,752	135,470	392,829	23,443	49,278	14,735	574,851	60,733	590,380	85,134	2,046,605
TOTAL NET ASSETS	119,752	135,470	392,829	23,443	362,654	16,746	596,287	73,585	1,616,346	91,807	3,428,919
TOTAL LIABILITIES AND NET ASSETS	\$ 119,752	\$ 135,470	\$ 393,149	\$ 27,485	\$ 363,242	\$ 16,746	\$ 603,293	\$ 74,064	\$ 2,324,638	\$ 93,099	\$ 4,150,938

County of Wexford, Michigan

Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Enterprise Funds For the Year Ended December 31, 2004

	Land Reutilization	2001 Delinquent Tax	2002 Delinquent Tax	DPW Admin	Recycling	Aquatic Nuisance	Wastewater System #1 Lk Mitchell	Wastewater System #3 Haring Twp	Haring Twp Water System	Wastewater System #4 Mesick	Totals
OPERATING REVENUES:											
Interest & Penalties	\$ -	\$ 44,236	\$ 156,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,348
Charges for Services	-	33,313	65,674	-	23,490	1,268	192,074	122,993	200,275	48,341	687,428
Other Revenue	-	325	278	17	3,018	-	-	-	-	-	3,638
TOTAL OPERATING REVENUES	-	77,874	222,064	17	26,508	1,268	192,074	122,993	200,275	48,341	891,414
OPERATING EXPENSES:											
Salaries & Benefits	-	-	-	238,651	24,544	-	48,390	33,043	64,955	22,785	432,368
Supplies	1,305	-	90	15,531	3,728	-	13,351	2,214	17,297	1,361	54,877
Other Services and Charges	1,374	4,430	150	52,801	16,307	379	89,934	58,520	22,784	10,457	257,136
Repair & Maintenance	-	-	-	-	4,720	-	8,730	694	3,528	14	17,686
Depreciation	-	-	-	-	18,638	782	5,460	3,441	46,872	2,877	78,070
Total Operating Expenses	2,679	4,430	240	306,983	67,937	1,161	165,865	97,912	155,436	37,494	840,137
OPERATING INCOME (LOSS)	(2,679)	73,444	221,824	(306,966)	(41,429)	107	26,209	25,081	44,839	10,847	51,277
NON-OPERATING REVENUES (EXPENSES):											
Interest Earnings	1,469	1,296	6,171	399	984	143	6,832	268	7,276	482	25,320
Interest Expense	-	-	-	-	-	-	-	-	(43,740)	-	(43,740)
Operating Transfers In	-	-	-	395,010	20,000	683	-	-	-	-	415,693
Operating Transfers Out	-	(300,000)	-	(65,000)	(29,626)	-	(39,501)	(9,875)	(39,501)	(9,875)	(493,378)
Total Non-operating Expenses	1,469	(298,704)	6,171	330,409	(8,642)	826	(32,669)	(9,607)	(75,965)	(9,393)	(96,105)
CHANGE IN NET ASSETS	(1,210)	(225,260)	227,995	23,443	(50,071)	933	(6,460)	15,474	(31,126)	1,454	(44,828)
NET ASSETS, JANUARY 1	120,962	360,730	164,834	-	412,725	15,813	602,747	58,111	1,647,472	90,353	3,473,747
NET ASSETS, DECEMBER 31	\$ 119,752	\$ 135,470	\$ 392,829	\$ 23,443	\$ 362,654	\$ 16,746	\$ 596,287	\$ 73,585	\$ 1,616,346	\$ 91,807	\$ 3,428,919

County of Wexford, Michigan

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2004

	Land Reutilization	2001 Delinquent Tax	2002 Delinquent Tax	DPW Admin	Recycling	Aquatic Nuisance	Wastewater System #1 Lk Mitchell	Wastewater System #3 Haring Twp	Haring Twp Water System	Wastewater System #4 Mesick	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:											
Receipts from Customers/payments (to) from other governmental units	\$ -	\$ 219,912	\$ 947,799	\$ 17	\$ 26,508	\$ 1,268	\$ 192,074	\$ 123,127	\$ 202,151	\$ 45,053	\$ 1,757,909
Payments to Suppliers	(2,679)	(4,617)	(240)	(66,672)	(29,542)	(379)	(113,046)	(65,971)	(46,213)	(18,828)	(348,187)
Payments to Employees	-	-	-	(236,269)	(26,306)	-	(49,606)	(34,015)	(67,208)	(23,716)	(437,120)
Internal Activity - Payments/Receipts with Other Funds	-	-	(2,400,000)	-	-	-	-	-	-	-	(2,400,000)
Net Cash Provided (Used) by Operating Activities	(2,679)	215,295	(1,452,441)	(302,924)	(29,340)	889	29,422	23,141	88,730	2,509	(1,427,398)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:											
Purchase of capital assets	-	-	-	-	(68,368)	-	(2,312)	-	-	-	(70,680)
Principal Payments	-	-	-	-	-	-	-	-	(15,000)	-	(15,000)
Interest Payments	-	-	-	-	-	-	-	-	(43,740)	-	(43,740)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	-	(68,368)	-	(2,312)	-	(58,740)	-	(129,420)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:											
Operating transfers in	-	-	-	395,010	20,000	683	-	-	-	-	415,693
Operating transfers out	-	(300,000)	-	(65,000)	(29,626)	-	(39,501)	(9,875)	(39,501)	(9,875)	(493,378)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(300,000)	-	330,010	(9,626)	683	(39,501)	(9,875)	(39,501)	(9,875)	(77,685)
CASH FLOWS FROM INVESTING ACTIVITIES:											
Net change in Investments	-	-	-	-	-	-	530,000	-	500,000	-	1,030,000
Interest income	1,469	1,296	6,171	399	984	143	6,832	268	7,276	482	25,320
Net Cash Provided (Used) by Investing Activities	1,469	1,296	6,171	399	984	143	536,832	268	507,276	482	1,055,320
Net Increase (Decrease) in Cash and Cash Equivalents	(1,210)	(83,409)	(1,446,270)	27,485	(106,350)	1,715	524,441	13,534	497,765	(6,884)	(579,183)
Balances - Beginning of the Year	120,962	210,876	1,688,298	-	156,216	13,020	57,416	13,178	85,097	51,311	2,396,374
Balances - End of the Year	\$ 119,752	\$ 127,467	\$ 242,028	\$ 27,485	\$ 49,866	\$ 14,735	\$ 581,857	\$ 26,712	\$ 582,862	\$ 44,427	\$ 1,817,191
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities											
Operating Income (Loss)	\$ (2,679)	\$ 73,444	\$ 221,824	\$ (306,966)	\$ (41,429)	\$ 107	\$ 26,209	\$ 25,081	\$ 44,839	\$ 10,847	\$ 51,277
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:											
Depreciation Expense	-	-	-	-	18,638	782	5,460	3,441	46,872	2,877	78,070
Change in Assets and Liabilities:											
Taxes Receivable	-	134,493	(1,912,529)	-	-	-	-	-	-	-	(1,778,036)
Accounts Receivable	-	1,689	-	-	-	-	-	134	1,876	(3,288)	411
Interest Receivable	-	-	(36,694)	-	-	-	-	-	-	-	(36,694)
Due from Governmental Units	-	5,856	11,541	-	-	-	-	(4,543)	-	-	12,854
Accounts Payable	-	(187)	-	1,487	(4,787)	-	(1,031)	(972)	(2,604)	(6,996)	(15,090)
Accrued Liabilities	-	-	-	2,382	(1,762)	-	(1,216)	-	(2,253)	(931)	(3,780)
Due to Other Funds	-	-	(2,400,000)	-	-	-	-	-	-	-	(2,400,000)
Due to Governmental Units	-	-	2,663,417	-	-	-	-	-	-	-	2,663,417
Other Liabilities	-	-	-	173	-	-	-	-	-	-	173
Net Cash Provided (Used) by Operating Activities	\$ (2,679)	\$ 215,295	\$ (1,452,441)	\$ (302,924)	\$ (29,340)	\$ 889	\$ 29,422	\$ 23,141	\$ 88,730	\$ 2,509	\$ (1,427,398)

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

PHILLIP J. WOLF, CPA, PRINCIPAL
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MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Chairman and Members of
The Board of Commissioners
County of Wexford, Michigan
437 East Division
Cadillac, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and aggregate remaining fund information of the County of Wexford, Michigan, as of and for the year ended December 31, 2004, which collectively comprise Wexford County's basic financial statements and have issued our report thereon, dated May 19, 2005. We did not audit the financial statements of the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority, which represents 100% and 100%, respectively, of the assets and operating revenues of the Discretely Presented Component Units of the County of Wexford. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority is based solely on the report of the other auditors. The financial statements of the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority were not audited in accordance with *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Honorable Chairman and Members
of the Board of Commissioners
County of Wexford, Michigan

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Wexford, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the County of Wexford, Michigan in a separate letter dated May 19, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Wexford, Michigan's basic financial statements are free of material misstatement, we performed a test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We did note certain immaterial instances of noncompliance, which we have reported to management of the County of Wexford, Michigan in a separate letter dated May 19, 2005.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

May 19, 2005



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Members of the Board
County of Wexford, Michigan
437 East Division
Cadillac, Michigan 49601

Compliance

We have audited the compliance of the County of Wexford, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2004. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Wexford County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, audit committee, management, federal awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

May 19, 2005

County of Wexford, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2004

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:			
Pass-through programs from the Michigan State Housing Development Authority:			
Housing Program CDBG - 2001	14.228	MSC-2001-5831-HOA	26,783
Housing Program CDBG - 2004	14.228	MSC-2004-5831-HOA	62,170
Total U.S. Department of Housing & Urban Development			88,953
U. S. DEPARTMENT OF JUSTICE:			
Pass-through programs from Missaukee County			
Byrne Memorial Formula Grant Program - 10/01/03 to 9/30/04	16.579	70772-06-03-B	27,437
Byrne Memorial Formula Grant Program - 10/01/04 to 9/30/05	16.579	70772-07-04-B	10,546
Subtotal - passed through Missaukee County			37,983
Pass-through programs from the Michigan Department of Human Services:			
Juvenile Accountability Incentive Block Grant - 02/01/03 to 01/31/04	16.523	JABGN-03-83001	3,378
Juvenile Accountability Incentive Block Grant - 02/01/04 to 01/31/05	16.523	JABGN-04-83001	37,135
Juvenile Justice Grant/Community That Cares	16.540	JP 03 83001	26,769
Juvenile Justice Grant/Kick It Program - 04/01/03 to 03/31/04	16.540	JAIBG-04-83001	1,392
Juvenile Justice Grant/Kick It Program - 04/01/04 to 03/31/05	16.540	JAIBG-05-83001	4,178
School Liaison Officer 2003/2004	16.580	ODCP #80047-5-03-L	31,508
Evidence Technician Equipment Project 10/01/04 - 9/30/05	16.592	ODCP 83076-1-04-L	8,523
Subtotal - MDHS			112,883
Total U.S. Department of Justice			150,866
U. S. DEPARTMENT OF LABOR:			
Pass-through programs from State of Michigan:			
Reed Act/Gates Foundation Grant	17.207	-	1,980

County of Wexford, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2004

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
UNITED STATES DEPARTMENT OF TRANSPORTATION:			
Pass-through programs from the Michigan Department of State Police, Emergency Management Division: HEMP Grant 2002-2003	20.503	-	255
Pass-through programs from the Michigan Department of Transportation: Road Projects - State Administered	20.205	-	606,977
Road Projects	20.205	-	36,123
Operating Grant - Section 5311	20.509	03-0023/Z5	143,268
Rural Transit Assistance Program	20.509	RTAP 03/04	2,505
Federal Transit Capital Improvement Grant	20.500	02-0023	38,607
Subtotal - MDOT			827,480
Total U.S. Department of Transportation			827,735
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass-through programs from the Michigan Department of Human Services:			
AFDC Maintenance Assistance for 2002/2003	93.560	-	27,978
AFDC Maintenance Assistance for 2003/2004	93.560	-	54,404
AFDC Maintenance Assistance for 2004/2005	93.560	-	14,495
PA CRP Title IV-D - 10/1/03 to 9/30/04	93.563	CS/PA-03-83002	40,603
PA CRP Title IV-D - 10/1/04 to 9/30/05	93.563	CS/PA-05-83002	16,331
FOC CRP Title IV-D - 10/1/03 to 9/30/04	93.563	CS/FOC-04-83001	216,820
FOC CRP Title IV-D - 10/1/04 to 9/30/05	93.563	CS/FOC-05-83001	74,674
FOC CRP Title IV-D - 10/1/03 to 9/30/04 - Missaukee County	93.563	CS/FOC-04-83001	69,810
FOC CRP Title IV-D - 10/1/04 to 9/30/05 - Missaukee County	93.563	CS/FOC-05-83001	23,879
Medical Support Title IV-D - 10/1/03 to 9/30/04	93.563	CS/MED-03-83001	3,136
Medical Support Title IV-D - 10/1/04 to 9/30/05	93.563	CS/MED-04-83001	905
Access & Visitation Program	93.597	CSG/AV-98-83001	75
Total U.S. Department of Health and Human Services			543,110

County of Wexford, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2004

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-through programs from the Michigan Department of State			
Police, Emergency Management Division:			
Emergency Management Performance Grants 10/01/03-09/30/04	97.042	-	8,537
Emergency Management Performance Grants 10/01/04-09/30/05	97.042	-	2,806
2003 State Homeland Security Grant Program	97.004	-	54,800
2004 State Homeland Security Grant Program	97.004	-	34
State Homeland Security Grant Program - Exercise Grant 4/01/03-3/31/05	97.004	-	9,182
2003 State Homeland Security Grant Program Solution Area Planner	97.004	-	23,178
Total U.S. Department of Homeland Security			98,537
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,711,181</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Wexford, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - COGNIZANT AGENCY

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Transportation which provided the greatest amount of indirect federal funding to the County during 2004.

NOTE C - NORTHWEST MICHIGAN HUMAN SERVICES AGENCY ADMINISTRATION

The Michigan Community Development Block Grant CFDA #14.228 is administered by the Northwest Michigan Human Services Agency.

NOTE D - FEDERAL GRANTS

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the calendar year ended December 31, 2004, the Federal aid received and expended by the Road Commission was \$606,977 for contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit.

**NOTE E - RECONCILIATION OF BASIC FINANCIAL STATEMENT FEDERAL REVENUE
WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Revenue from Federal Sources – As reported in Financial Statements (includes all funds.)	\$ 937,967
Add: Component Units revenue from Federal sources	829,460
Less: Federal Forest Patrol contract revenue	(3,500)
Less: State revenue classified as federal	<u>(52,746)</u>
Federal expenditures per schedule of expenditures of federal awards	<u>\$ 1,711,181</u>

NOTE F - SUB RECIPIENT AWARDS

Of the federal expenditures presented in the schedule of expenditures of federal awards, federal awards were provided to sub recipients as follows:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Title IV-D cooperative reimbursement for 2003/2004 and 2004/2005 – Friend of the Court – Missaukee	93.563	\$ 93,689
Community Development Block Grant for 2001 and 2004 Northwest Michigan Human Services Agency, Inc.	14.228	88,953
Juvenile Justice Community That Cares Grant for 2003 and 2004 – District Health Department #10	16.540	32,339

Section A - Summary of Auditors' Results**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Reportable conditions identified
that are not considered to be
material weaknesses? No

Noncompliance material to financial
statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Reportable conditions identified
that are not considered to be
material weaknesses? No

Type of auditors' report issued on
compliance for major programs: Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133? No

Identification of Major Programs**CFDA NUMBERS****Name of Federal Program or Cluster**

97.004	Homeland Security Grants
16.579	Byrne Memorial Grant
93.563	Child Support Enforcement

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE.

C. FINDINGS - FEDERAL AWARDS AND QUESTIONED COSTS

NONE.

NONE.

Additional Information

COUNTY OF WEXFORD, MICHIGAN

ADDITIONAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Honorable Chairman and Members
Of the Board of Commissioners
County of Wexford, Michigan
437 East Division
Cadillac, Michigan 49601

Our report on our audit of the basic financial statements of the County of Wexford, Michigan, as of and for the year ended December 31, 2004, appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed on the following pages regarding the Municipal securities disclosure requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we express no opinion on it.

Anderson, Tackman & Company, PLC
Certified Public Accountants

May 19, 2005

NOTE 1 - DEBT ISSUES APPLICABLE TO SEC RULE 15c2-12 DISCLOSURE REQUIREMENTS:

Debt issues of \$1,000,000 or more sold on or after July 3, 1995 are applicable to SEC rule 15c2-12 disclosure requirements. As of December 31, 2004, the County has the following debt issues which apply to SEC Rule 15c2-12:

1. \$4,800,000 2002 Building Authority Bonds, Series 2002.

NOTE 2 - TABLES:

The following tables are included in the debt issues and are required to be updated annually to comply with the Municipal Securities disclosure requirements of the SEC Rule 15c2-12:

A. County Taxation and Limitations

Property Tax Levy History

<u>Purpose</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
County Operating	6.9695	6.9109	6.8839	6.8302	6.8179
Public Safety (1)	0.9362	0.9423	0.9383	0.9309	0.9292
Animal Control (1)	<u>0.3449</u>	<u>0.3471</u>	<u>0.3456</u>	<u>0.3429</u>	<u>0.3422</u>
Totals	8.2506	8.2003	8.1678	8.1040	8.0893

(1) Voter approved millages.

Source: County of Wexford

SEV and Taxable Valuation History

<u>Year of Valuation</u>	<u>SEV</u>	<u>Taxable Valuation</u>	<u>SEV Percentage Increase Over Prior Year</u>	<u>Taxable Valuation Percent Increase Over Prior Year</u>
2000	743,486,040	615,283,971	11.5	6.8
2001	827,985,702	661,976,265	11.4	7.6
2002	926,405,911	704,599,790	10.6	6.6
2003	1,005,681,073	745,063,754	8.6	5.7
2004	1,102,250,725	794,420,290	9.6	6.6

Source: County of Wexford

NOTE 2 - TABLES: (Continued)

Property Tax Collection History

<u>Year of Levy</u>	<u>Total Levy as of December 1 (1)</u>	<u>Collections to March 1 Year Following Levy</u>		<u>Collection to June 30, 2003</u>	
2000	5,073,450	4,454,847	87.8	5,073,450	100
2001	5,426,794	4,833,927	89.1	5,426,794	100
2002	5,753,364	5,163,024	89.7	5,753,364	100
2003	5,088,934	4,525,974	88.9	5,088,934	100
2004	5,268,532	4,608,735	87.5	5,237,529	99.4

(1) The County's fiscal year begins January 1st. Taxes are due December 1st. and are recorded as delinquent the following March 1st.

Source: County of Wexford

B. Revenues from the State of Michigan

<u>Fiscal Year Ended/Ending</u>	<u>Revenue Sharing Payments</u>
December 31, 2000	527,923
December 31, 2001	614,814
December 31, 2002	584,206
December 31, 2003	546,844
December 31, 2004	243,692
December 31, 2005	-

Source: County of Wexford

NOTE 2 - TABLES: (Continued)

C. County Debt

The following table reflects a breakdown of the County's direct and overlapping debt as of December 31, 2004 and includes the Bonds. Bonds designated L.T.G.O. bonds are limited tax pledge bonds.

<u>Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting or Portion Paid Directly By Benefited Municipalities</u>	<u>Net</u>	<u>Per Capita</u>	<u>Net Debt % of SEV</u>
Building Authority (L.T.G.O.)	\$ 4,640,000	\$ -	\$ 4,640,000		
Water & Sewer Bonds (L.T.G.O.)	<u>628,000</u>	<u>628,000</u>	<u>-</u>		
Totals	<u>\$ 5,268,000</u>	<u>\$ 628,000</u>	<u>\$ 4,640,000</u>	172.81	0.4%

Source: County of Wexford

Short-Term Financing

The County does not issue short-term obligations for cash flow purposes.

Lease Obligations

For a description of the County's lease obligations see "Basic Financial Statements – Notes to Basic Financial Statements – Note Seven (7)."

Source: County of Wexford

Retirement System

For a description of the retirement benefits of the County employees see "Basic Financial Statements – Notes to Basic Financial Statements – Note Eleven (11)."

Source: County of Wexford

NOTE 2 - TABLES: (Continued)**D. Labor Contracts**

Of the County's 167 Employees, 64% are represented by labor organizations. The following table illustrates the various labor organizations that represent County employees, the number of members and part-time employees, and the expiration dates of the present contracts.

<u>Bargaining Unit</u>	<u>Number of Employees June 30, 2004</u>	<u>Contract Expiration Date</u>
Command Officers Association of Michigan	3	12-31-05
Police Officers Association of Michigan	46	12-31-06
Teamsters	6	12-31-06
International Union Operating Engineers	5	12-31-07
Technical Professional Officers Association of Michigan	38	12-31-06
Management	9	12/31-06
Non-Union Employees	<u>60</u>	
Total	<u>167</u>	

Source: County of Wexford

NOTE 2 - TABLES: (Continued)

E. Major Taxpayers

Owners Name	Taxable Value	Real	Pers.	% of 2004 Taxable Value
Consumers Energy	\$ 20,970,776	\$ 3,936,076	\$ 17,034,700	2.6
CMI Cast Parts Inc	14,288,900	2,548,900	11,740,000	1.8
Cadillac Renewable	11,049,000	10,937,400	111,600	1.4
Cadillac Rubber & Pl	10,848,375	3,706,275	7,142,100	1.4
Meijer, Inc.	6,465,555	4,717,455	1,748,100	0.8
Rexair Inc. A US Ind Inc.	6,425,864	3,884,564	2,541,300	0.8
Michigan Dept of	5,728,610	5,728,610	-	0.7
Michigan Consolidated	5,423,905	204,805	5,219,100	0.7
Michigan Rubber	4,910,932	2,209,032	2,701,900	0.6
FIAMM Technologies	4,662,311	1,362,411	3,299,900	0.6
AAR Cadillac Mfg.	4,611,587	1,927,587	2,684,000	0.6
Lakeland Sq. Associate	4,483,968	4,483,968	-	0.6
Four Winns Boat Co.	3,869,755	2,844,255	1,025,500	0.5
Paulstra CRC	3,496,000	839,000	2,657,000	0.4
Walmart Real Estate	2,928,700	2,928,700	-	0.4
Wexford Sand Co.	2,536,045	-	2,536,045	0.3
Transpro Group Inc.	2,490,100	1,072,900	1,417,200	0.3
HD Development of MD	2,258,317	2,258,317	-	0.3
Mitchell Road Mall LLC	1,863,100	1,863,100	-	0.2
Borg Warner	1,855,900	-	1,855,900	0.2
Arvco Container Crop.	<u>1,438,500</u>	<u>1,165,200</u>	<u>273,300</u>	<u>0.2</u>
Total	<u>\$ 122,606,200</u>	<u>\$ 58,618,555</u>	<u>\$ 63,987,645</u>	<u>15.4</u>

Source: County of Wexford



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REPORT TO MANAGEMENT

Honorable Chairman and Members
of the Board of Commissioners
County of Wexford, Michigan
437 East Division
Cadillac, MI 49601

We have audited the basic financial statements of the County of Wexford, Michigan for the period ended December 31, 2004, and have issued our reports thereon dated May 19, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the County of Wexford's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County of Wexford's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County of Wexford's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Wexford's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County of Wexford's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Wexford are described in Note 1 to the financial statements. We noted no transactions entered into by the County of Wexford during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the County of Wexford that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County of Wexford's financial statements our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County of Wexford's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Comments and Recommendations

Cash

In testing the cash balance, we noted a negative cash balance, per the books, in the General Fund as of December 31, 2004. We recommend that all cash balances, be monitored to ensure a positive cash position is maintained.

Investments

In testing the investment balance, we noted that investment sales and purchases were not approved by the Board of Commissioners in the Board minutes. Due to the material impact on the financial statements, we recommend that all such transactions be approved by the board and noted in the Board minutes before the sale or purchase of the investment occurs.

We also noted that the unrealized gains/losses on investments for 2004 were not recorded in fiscal year 2004. We recommend that an adjustment be recorded at year-end for the unrealized gains/losses to adjust the investment balance to market.

Accounts Receivable

In testing accounts receivable at the DPW unit, we noted that there was not a subsidiary listing for the unit's trash removal customers (i.e., Waste Management) for Fund #571. We recommend the entity maintain an aging accounts receivable listing segregated by customer so as to improve the monitoring of its collections activity.

We also noted that there was no documentation to support its receipts from customers (i.e., remittance advice, customer billing documentation) for its landfill, wastewater, water, and sewer billings. We recommend that all billing documentation received with the customer's payment be maintained in the entity's records. This is especially imperative for the 'Landfill' customers as they generally represent a substantial amount of the entity's accounts receivable balance.

Capitalization Policy

Considering the changes in accounting standards, the County may find it desirable to increase the threshold for capitalizing fixed assets. Most counties are opting to use \$5,000 as a threshold.

Capital Assets

It was noted during testing of fixed assets that several major asset purchases were not inventoried or added to the fixed asset listing. It is recommended that the County enhance their system for identifying purchased assets with a value over the capitalization policy threshold to ensure that those assets are properly recorded and inventoried.

Also, the County's fixed asset inventory was not updated for prior year additions that were included in the 2003 audited financial statements.

Receipts

During testing of receipts, it was noted that two transmittals from the Civic Center, one transmittal from the County Road Commission, one transmittal from Equalization, and one transmittal from the Register of Deeds were not signed by the department representative transferring funds to the Treasurer's office. It is recommended that all departmental transmittals be signed by the department representative responsible for transferring the funds.

It was also noted during the testing of transmittals that the Civic Center did not have all the supporting documentation for funds transferred. It is recommended that all documentation be kept for a minimum of seven years.

Payroll

In testing the controls of the payroll system, we noted that several of the employees' W-4's were outdated. We recommend that employees' W-4's be updated every two years, if changes are deemed necessary by the employee.

Board Minutes

While reviewing Board minutes we noted that not all minutes are signed. We recommend that all board minutes are signed to evidence proper review and approval.

Delinquent Tax Funds

Considering that the County is self-funded when purchasing delinquent taxes, the County may find it desirable to use one delinquent tax fund to account for the collection of delinquent taxes.

Byrne Formula Grant Program

While reviewing the Monthly Financial Report and Request for Funds for the last quarter of 2004, we noticed that November's cumulative total was \$5,000 greater than what it should have been for October and November's personnel expenses. This error was carried forward through December's report. We recommend that the County staff take greater care in preparing these reports. Management could also have a second person verify the computations in the report.

While reviewing the expenditures on the Monthly Financial Report and Request for Funds for the last quarter of 2004, we determined the amount that was charged as cell phone expense was incorrect. The County pays the total cell phone bill for the officer on the grant. This officer then reimburses the County for all but \$20 of the cell phone expense. Therefore, each month the grant should be charged only \$20 instead of the total bill amount.

Conclusion

This information is intended solely for the information and use of the Board of Commissioners, management, federal and state awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Anderson Tackman & Company, PLC
Certified Public Accountants

May 19, 2005